

# Unemployment in the post-revolutionary Arab world\*

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## Abstract

For more than a decade prior to the uprisings of 2011, the official unemployment rate in the Arab region was among the highest globally and around half the Arab population subsisted on less than two dollars a day. When unemployment is measured by imputing a minimum historically-determined level of subsistence into it, the effective unemployment rate would rise to nearly fifty percent. Armed with neoliberal ideology, the Western-backed comprador class squandered resources either by expropriating the working population or by surrendering them to capital at prices that were set by a global power structure from which working people in the Arab world were excluded. In this essay, I argue that the retention of resources and their redeployment within the national economy are indispensable conditions for development and job creation. Employment policies are best set subject to social efficiency criteria distinct from the salient neoclassical productivity ones. It is highly unlikely, in view of the sheer smallness to which industry and the productive economy have shrunk under neoliberalism, that it would be possible to reemploy the massive redundant labour force on the basis of expanding private-sector expansion and productivity gains. A criterion valuing and remunerating social work may be costly in the short term, but the social returns will reimburse initial expenses over the long term. Notwithstanding the reductionist nature of the neoclassical criterion of efficiency, equity, in an Arab context of war and oil, must precede any received criteria for efficiency. More egalitarian rent, land and resource distributions redressing the dispossession of the working population during the neoliberal age represent the necessary conditions for effective demand enhancement and a successful development strategy. In practical terms, the state has to act as the employer of last resort (Minsky's ELR) creating socially relevant and public sector employment. Increasing-returns industry and a granting of preferential status to regional capital and labour are also required. In view of the instability besetting capital accumulation, a regional security arrangement bolstered by working class security and substantiating autonomy over policy can underwrite long-term employment generating investment.

## Introduction

The unemployment rate in the Arab region is among the highest globally. Despite high growth rates from 2002 until 2010, it remained in the double digit category. This poor employment response to economic growth implies that there is something deeply flawed with the policies in place. If the reason for its persistence was related to the International Financial Institutions (IFIs) 'macro fundamentals,' then up to the point at which the Arab revolutions began, these were well positioned: the fiscal accounts were reduced or in surplus, the inflation rates were moderate and declining, and reserves were covering around two years of imports. Despite that, the unemployment rates rose and income inequality gaped away. In the neoliberal age, undemocratic western-backed regimes deconstructed the productive economy. Progressively, the productive economy became too small relative to the sheer size of the labour force. In the preponderance of rent, value and wealth were extracted by pauperising and disempowering the working class. The rate of job creation fell faster than the rate at which the labour force grew. Labour share became excessively low. In retrospect, public sector employment and declining productivity growth have been to a large extent welfare enhancing and have acted as a social safety valve in the absence of unemployment insurance programs. As early as 2004, it was plain to see that 'the predisposition of major macroeconomic and demographic

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<sup>1</sup> The Arab world is defined as per boundaries of the Arab League.

<sup>2</sup> I am indebted to many colleagues who contributed to this essay, all shortcomings however are mine.

variables towards an inevitable collision implies that there is little space for argument over the unavoidability of change. The built-up of imbalances in a regional economy that does not expand at a rate commensurate with the demands of the demographic transition means that change cannot be gauged as a matter of degree.<sup>3</sup>

Advocates of neoliberalism recommended private-sector led development. As the mantra of the private sector took hold, public sector investment retreated and the regional investment rate fell from a high of 30 percent in 1980 to below 20 percent in 2010. Not only did the share of investment in income fall, but the type of investment became less productive and labour saving.<sup>4</sup> Productivity became on average more dismal.<sup>5</sup> On the whole, however, the Arab world remained an excess saving and a capital-outflow region. The oil boom, which began in 2002, represented a chance occurrence that could have been translated into employment and welfare gains, however, the policy framework remained flawed. The principal link between growth and poverty alleviation, which is employment creation, was already decimated. Moreover, wars, the threat thereof, and internal elements of instability infuse uncertainty into the decision making context and hamper capital accumulation and employment growth. In this essay, I will firstly examine the unemployment issue and, secondly, chart the policy terrain in search of ways to contribute to the discussion on employment creation in the Arab world.

### **Pre-analytic**

Judging by the published figures, unemployment rates responded poorly to the ongoing bout of economic growth fuelled by high oil prices which began in 2002. There was roughly a two to three percentage point drop in unemployment over a nine-year period (2002-2009) that witnessed a cumulative growth rate of around 45 percent.<sup>6</sup> This weak response in job creation to growth points to deeper reasons associated with the nature of the accumulation process that disrupt the intermediation between economic prosperity and social development. The received theory adopts a neo-Malthusian bend and points to a demographic transition and overpopulation as a partial cause of regional unemployment. The very shrinking of the productive base however, which was subjected to piecemeal neoliberalism since 1980, meant that the disengagement of people from production, which is inherent to capitalism, became a more pronounced systemic mark of the new Arab economy. Thus, when for every person finding a job in the eighties, there were two new entrants into the labour market reaching working age, by the late nineties, there were nearly four new entrants to every person finding a job.<sup>7</sup> The rate of job creation fell much faster than the rate at which the labour force grew.

Meanwhile, with open capital and trade accounts, financial and other resources were fleeing the Arab region. The emigration of labour, in particular, a resource whose social cost of reproduction was borne by the home areas was grabbed at *cheapered* wages (my emphasis, labour is not cheaper, it is cheaper). The bulk of financial resources was deployed abroad or into low productivity areas such as real estate and away from endeavours that would create decent jobs. A significant proportion of the region's resources served to maintain regime security. The Arab region spends twice as much as any other region on defence.<sup>8</sup> The

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<sup>3</sup> <http://books.google.com/books?id=5RCfx-Jd7o4C&printsec=frontcover#v=onepage&q&f=false>

<sup>4</sup> Ibid, issue three 2005.

<sup>5</sup> ILO, KILM, various years.

<sup>6</sup> United Nations, 2009.

<sup>7</sup> [http://books.google.com.sg/books?id=5RCfx-Jd7o4C&printsec=frontcover&redir\\_esc=y#v=onepage&q&f=false](http://books.google.com.sg/books?id=5RCfx-Jd7o4C&printsec=frontcover&redir_esc=y#v=onepage&q&f=false)

<sup>8</sup> SIPRI, Yearbook 2008, Table 5A.1.

negative impact of leakages on internal demand and the ensuing demand for labour were daunting. While unemployment was rising, the rentier/merchant dominated Gulf region, in particular, employed nearly fifteen million expatriate workers from Asia at drastically low wages and subject to inhumane conditions.<sup>9</sup> For this situation to be overhauled, it would require a change in the decision making context as well as in the agency of development. It would require, in line with the Keynesian euphemism some form of 'euthanasia' applied to the rentier/comprador class. After three decades of neoliberalism combined with unsightly forms of political repression, the hard-hitting fact remains that there are plenty of idle financial resources, huge numbers of unemployed labour relative to existing capacity, and a shrinking productive economy that could only hire but a fraction of the reserve army of labour under the putative efficiency criteria.

The excess in savings over investment in the still underdeveloped Gulf States alone is calculated at more than 1,500 billion dollars since 2002. It is at around 4-5 trillion dollars since 1971.<sup>10</sup> The reasons for this gap between available financial resources and the low rate of real resource deployment and utilisation go beyond a price incentive that guides resource allocation. The market structure, which is oil rent-driven, holds back resource redeployment nationally because the interests of regional and extra-regional capital reach their optimal gains at a point that renders any serious form of redeploying resources to build national capacity a transgression on the degree of control of imperial powers over oil resources. Under-developing the region ensures the weakening of popular sovereignty and, by implication, strengthens the hold of a cross-border class alliance composed of local comprador and global elites over oil resources. The region is important not because of the pittance in money-form profits that could be drawn out of it (total Arab income is around two percent of global income), but for imperialist control and positioning, which bolster global, particularly, American elite and imperial hegemony over the globe.<sup>11</sup>

Notwithstanding the exigency of placing equity before efficiency in order to create jobs, it is invariably the role of an effective demand component that is ideally fuelled by state-supported productivity gains, that has been purposely overlooked by past and present IFI's regional policy. The Kaleckian hypothesis that may be re-invoked to support the case for a demand led employment strategy is that both *unemployment and real wages are demand-determined* not price-determined. In this sense, real wages are determined in *the product market rather than the labour market*.<sup>12</sup> Whilst money wages are determined in the labour market, where trade union activity takes effect, real wages are relatively little influenced by the conditions in the labour market and are effectively determined by the degree of monopoly and leakages to external markets. From this angle, when money wages fall, the general average price (specifically the cost-determined prices) will adjust downwards to this decrease in wages, thereby having no final effect on real wages. Secondly, the *relationship between real wages and the level of output is not straightforward* to predict.<sup>13</sup> When real wages decline, there is no

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<sup>9</sup> [http://www.banglarights.net/news\\_and\\_issues.php?story\\_id=125](http://www.banglarights.net/news_and_issues.php?story_id=125)

<sup>10</sup> World Bank's WDI, various years.

<sup>11</sup> There are also internal reasons that constrain national development/industrialisation and, consequently, produce higher unemployment. The articulation bonding the 'rentier' conjointly with the state displays few signs of weakening. The prospect of the rentier class relinquishing power or forms of control that have so far worked well for its regional and extra-regional beneficiaries, seems highly unlikely. As it has been said, no social class commits suicide. The continued bloodshed marking the Arab spring is ample proof of the tenacious grip of the rentier on the state. Lecture notes to the Historical Materialism Conference, by S. Avramidis, <http://mercury.soas.ac.uk/hm/pdf/2006confpapers/papers/Avramidis.pdf>

<sup>12</sup> Sawyer, M. (1985).

<sup>13</sup> Kalecki, M. (1972).

implication that low real wages causes high output, rather than that both result from a high level of aggregate demand. Similarly, in the *General Theory*, Keynes wrote as follows:

Perhaps it will help to rebut the crude conclusion that a reduction in money wages will increase employment 'because it reduces the cost of production', if we follow up the course of events on the hypothesis most favourable to this view, namely at the outset entrepreneurs generally expect the reduction in money wages to have this effect. ...if, then, entrepreneurs generally act on this expectation, will they in fact succeed in increasing their profits? ...The proceeds realized from the increased output will disappoint the entrepreneurs and employment will fall back again to its previous figure, unless the marginal propensity to consume is equal to unity or the reduction in money-wages has the effect of increasing the schedule of marginal efficiencies of capital relatively to the rate of interest and hence the amount of investment.<sup>14</sup>

In short, real wages are basically affected by the power with which *trade unions can affect money wages relative to increases in prices*. When measures are taken to lock in resources enabling their recirculation within the national economy, it becomes specifically this coordinated labour/trade unionist activity under an inclusive social contract that would ensure a rise in living standards commensurate with economic growth. However, the IFIs neoliberal framework has emphasized mainly supply-side concerns and unlocked the capital and trade accounts facilitating the transfer of value to the centres of finance in dollar denominated terms and under highly unequal power structures. In one of many instances that only appear on the surface of things as an absurd oversight, the reductionist doctrinal method of the IFIs had intently overlooked the obvious, which is the nature of undemocratic Arab regimes that have rendered trade unions and civil society in general, if they were allowed to exist at all, into ineffectual appendages of the comprador classes. Apart from the gruelling human rights record of Arab regimes, a 2007 report by the International Trade Union Confederation, for instance, indicates that 'workers in the Arab region still have fewer trade union rights than anywhere else in the world.'<sup>15</sup>

Although necessary, coverage of the virtues of demand side perspective alone will not do justice to the issue. Underdevelopment is a holistic social condition and a capacity problematic. The capacity deficit cannot be tackled by supply or demand side policies that were tailored for advanced economies. Western economies already have intricate and complex supply chains. Underdevelopment is both a supply and demand side problematic at once. It is also a qualitatively different subject. Consider for example the labour market in the Arab world. Supposedly it is a place where labour services are exchanged for money value. In an Arab labour market however, the labour share forms around 25 per cent of total income (it is around 65 per cent in advanced economies), productivity is persistently declining and, if a more comprehensive form of assessing unemployment is carried out, one that imputes a historically determined living standard into the measure, nearly half of the labour force could be considered unemployed.<sup>16</sup> Most of those remaining employed will be clients of the rentier state (not workers who exchange labour service for a money wage but rather submissiveness for the same). Similar differences with the developed world can be construed across all markets. Persistent quantitative dissimilarities imply that the social setting making up the conditions for the hold of ruling classes on the mode of accumulation in the Arab world

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<sup>14</sup> Keynes 1964 [1936], p. 261.

<sup>15</sup> Annual Survey of Violations of Trade Union Rights (2007).

<sup>16</sup> Ataqir Alarabi al Mouwahad, League of Arab States (2005).

requires the immiserisation *qua* disempowerment of the Arab working class for the seizing of wealth in the form of rent. A crucial point to recall here is that there is more wealth to be snatched in the form of rent as distinct from productive growth in the Arab world. Imperialist dilapidation of the Arab region is undertaken for its implication upon global accumulation more so than for what would be drained from it in value-added production (as mentioned the Arab world makes around two percent of world income). The oil-determined mode of integration of the Arab world into the global economy, the repression attendant upon the labour process, and the power structure regenerating imperial control qualify this process as sub-specie of capital manifest in severe crisis and frequent violence.<sup>17</sup>

To construct an imaginary free market loosely based on the Western model as a conduit to development in the Arab world is a misrepresentation of fact.<sup>18</sup> Arab markets are dissimilar because the comprador bourgeoisie, in its subordinate relationship to world capital must reproduce the conditions to disengage the Arab working population from the production process to curb their control over their natural resources. In the absence of a Western type market and a dynamic rise in productivity associated with the non-oil sector of the economy, I will argue that for the right to work to be implemented, equity has to precede the putative notion of efficiency for job creation to proceed.

## Overview

While it is difficult to offer reliable statistics, widely accepted estimates put overall Arab world unemployment rate in 2010 at around 13 per cent (KILM, various years). This figure is approximately twice as high as the international average. In the conflict areas of Iraq and Palestine unemployment rates in 2007 were, respectively, 27 and 29 per cent.<sup>19</sup> In any case, when in a state of conflict or when nearly half the population spends around half of its income on basic food, official measures of unemployment ring hollow.<sup>20</sup> As per the customary in capitalist labour markets, youth unemployment rates have been considerably higher. In Jordan and Egypt, for instance, these were 3.6 and 5.9 times the adult unemployment rates, respectively. Furthermore, female employment averaged a mere 25 per cent of total employment in agriculture, 17.9 per cent in manufacturing and 26.7 per cent in services. The corresponding world averages are: 39.9 per cent in agriculture, 31.2 per cent in industry and 45 per cent in services.<sup>21</sup> When an economy does not produce sufficient jobs, it is predictable that young entrants into the labour market will incur more of the unemployment. Oddly, the litany of mainstream literature addressing the unemployment of the youth and the so called 'youth bulge' prior to the uprising treats the issue of youth unemployment under peripheral capitalism as a surprising anomaly.<sup>22</sup> The purpose of this literature however is not innocent. It is to avoid the innate underpinnings of the unemployment problematic under capitalism,

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<sup>17</sup> See lecture entitled Articulation by the power of the Gun, Soula Avramidis, Historical Materialism Conference, London, (2005).

<sup>18</sup> There is a paucity of data about labour markets in the Arab world. This data I gleaned from KILM (ILO) and other sources during my travels in the region. I have written about the subject of putting equity before efficiency in the designation of policies on several occasions; the most recent can be found: <http://www2.lse.ac.uk/middleEastCentre/events/2011/KadriAli.aspx>

<sup>19</sup> United Nations (2007a, pp.2-5, 2007b, p.7) and Abrahart, Kaur and Tzannatos (2002, p.26).

<sup>20</sup> [http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2011/05/27/000001843\\_20110601143246/Rendered/PDF/P126506000AWIFS000PID000Concept0Stage.pdf](http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2011/05/27/000001843_20110601143246/Rendered/PDF/P126506000AWIFS000PID000Concept0Stage.pdf)

<sup>21</sup> UNDP and LAS (2008, p.22).

<sup>22</sup> [http://www.escwa.un.org/divisions/div\\_editor/Download.asp?table\\_name=divisions\\_news&field\\_name=ID&FileID=735](http://www.escwa.un.org/divisions/div_editor/Download.asp?table_name=divisions_news&field_name=ID&FileID=735)



which, in the context of the Arab world, was infused and exacerbated by a lethal combination of rentierism and imperialism.

Also, in the case of women unemployment, when income is rooted in rent, a bundle of repressive measures are taken against women to institutionalise their disempowerment socially and politically. Rentiers draw little of their incomes from more skilled labour and need not re-invest in labour. The idle labour of men and women, although remaining outside production, is by its very inactiveness part and parcel of the material of capital as it creates the social regression needed to cheapen labour.<sup>23</sup> Matters are worse under Arab rent regimes and obfuscation is deployed to divert attention from the rent-based accumulation process to some concocted cultural reason that would, in some instances, go as far as disallowing women from engaging in productive activity on the basis of a reinvented religious taboo. Real disengagement transmutes into some form of subliminal displacement based on myth; however, the real purpose of the austere measures banning women from engaging the full spectrum of productive activity is their disempowerment.<sup>24</sup>

Under pressure from inflation and in the absence of autonomous unionism, real wages in the Arab world have been falling for the best part of the last two decades.<sup>25</sup> In the case of Egypt, the real wages fell by almost half as of 2007.<sup>26</sup> Yet despite falling wages, there was no expansion in employment based on the Laissez-faire premise that lower wages would result in higher employment. Moreover, there is a weak employment to income elasticity link in the Arab region. The basic problem can be explained as follows: if the present labour absorption rate is such that it took a 45 percent growth rate over nine years to bring down the unemployment rate by two or three percentage points, the economy may need to grow at levels exceeding ten percent per annum in order to merely stabilise the labour market over the next ten years. These are rough estimates, but one is well advised to recall that for most of the Arab world, adequate data is a scarce commodity. Ironically, the incapacitation of the Arab world meant that it is unable to produce anything of complex value added, including nevertheless statistical figures and measures that would assist it in developing policy.

Based on what is available, per capita average economic growth rate in the Arab world was negative in the eighties and around zero percent in the nineties.<sup>27</sup> A huge number of despondently unemployed persons has been amassed. These are people who had lost hope and who eke a bare existence in the informal sector at poverty wages (nearly half of the workforce by absolute poverty measures). It is highly unlikely that higher (productivity based) growth rates would be able to absorb the mass of unemployed after a significant period of economic underperformance or low labour absorption economic growth.<sup>28</sup> The remaining hub of productivity/job growth represents less than a quarter of the actual economy.<sup>29</sup> Put succinctly, it is not realistically possible to engage the massive redundant labour force in the economy without driving productivity further down, which means that the existing money-form measure of economic performance can no longer serve a benchmark for employment creation.

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<sup>23</sup> <http://www.marxists.org/archive/marx/works/1867-c1/ch30.htm>

<sup>24</sup> Nawal Saadawi, (1997).

<sup>25</sup> ESCWA (2007b, p.10).

<sup>26</sup> These gross estimates are provided a former colleague from the United Nations.

<sup>27</sup> United Nations (2009b).

<sup>28</sup> United Nations, (2007) and Karshenas (1994, p.20).

<sup>29</sup> United Nations (2009b).

The low response of employment to growth can be said to be partly due to the high capital intensity in the oil industry. The weak internal multiplier of this industry has dampened the already limited employment-generating impact of the current boom, which especially affects new entrants into the labour market (nearly all Arab countries are gas and oil exporters including Egypt).<sup>30</sup> In addition to this dynamic, ever since the decline in the rate of job creation by the public sector beginning in the early eighties, the unemployment problem grew and became intractable. Low rates of investment contributed to putting back the Arab region in terms of job creation and overall development. Certainly the high dosages of repression experienced in the Arab world imply, at least in terms of the freedom paradigm, that development has gone backward. Notwithstanding the imperialist intervention, which had left in one of its aggressive episodes more than one million children abandoned in the streets of Baghdad, the interface between the neoliberal policy framework and outcome, all on its own, has also contributed to worsening social conditions.<sup>31</sup> Child malnutrition rates in Egypt and Yemen stood at 45 and 30 percent respectively prior to the Arab spring.<sup>32</sup> In retrospect, all measures, political and economic, were carried out to expand the reserve army of labour, cheapen and disempower the working population in the Arab world.

### **Mainstream views**

The kernel of mainstream analysis holds that state intervention and inefficient public sector employment reduces domestic economic dynamism, and accentuates the impact of fluctuations in oil prices.<sup>33</sup> It is commonly held that although this strategy may be justifiable during relatively stable periods or in brief downturns, it is highly ineffective over the long term, in periods of sharp volatility, or if the price of oil declines significantly.<sup>34</sup> The strategy of state intervention, one may note in passing delivered some of the highest employment generating growth rates in the Arab world between 1965 and 1980. Typically, the mainstream view holds that state intervention leads to resource misallocation, the proliferation of rent-seeking activities, and persistent economic underperformance. No trade or capital account protection can offset the decline. Eventually, the state itself becomes unable to absorb the growing pool of the unemployed. The frail economy prevents the generation of new economic activities which could offer alternative sources of employment and wealth creation.<sup>35</sup> The solution then is for additional employment to be generated through lower wages and more flexible employment conditions (including lower non-wage costs to the employers, e.g., social security and pension contributions). However, this adjustment strategy, if it works at all when more than half of the population lives in abject poverty, would tend to provide incentives to labour-intensive and low productivity industries. Absurdly, given the huge numbers of unemployed that would have to be absorbed, it is safe to say that, if all works according to 'the low-wage plan,' many will perish from hunger and the impact on demand, measured in terms of spending on basic food, will be insignificant.

The alleged transition to employment occurs when rigidities of labour market and real wage, as well as public sector employment shrink. These distortions are said to reduce investment

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<sup>30</sup> United Nations (2007b, p.17).

<sup>31</sup> <http://www.aljazeera.com/video/middleeast/2011/05/201151041017174884.html>

<sup>32</sup> <http://www.un.org/apps/news/story.asp?NewsID=41037&Cr=yemen&Cr1=http://mrzine.monthlyreview.org/2009/irin081109.html>

<sup>33</sup> Gardner (2003) and Tzannatos (2002).

<sup>34</sup> One ought to mention tangentially that if a policy worked throughout the post-war period and until 1980, would this long period not constitute a long term (World Bank, 2004, p.2).

<sup>35</sup> See, for example, World Bank (2007).

and productivity growth, and to lead to insufficient employment creation in the region. Typically, the orthodoxy suggested opening the local private sector to stronger international competition, while strengthening the institutions that support markets, encourage investment and stimulate productivity growth. Instead of positive impacts on employment through targeted labour market reforms including, for example, more flexible labour market regulations to enable firms to respond more promptly to market signals, these measures resulted in higher unemployment rates.<sup>36</sup>

The labour markets in the Arab world are anything but rigid. The supply of workers remains elastic as poverty rates are excessively high. Real wages are flexible because autonomous unions under dictatorships do not perform their function and the elite-biased legal structure vitiates workers' rights. As mentioned above, although no accurate data on wages exist, real wages steadily fell in the lost decades of the eighties and nineties.<sup>37</sup> For example, real hourly manufacturing wages in the oil exporting economies fell by almost half between 1986 and 1992, and recovered only slowly by the end of the decade.<sup>38</sup> The workers strikes in Egypt prior to the uprising were in response to high inflation and non-adjusted wages. The public sector has often spearheaded the process of wage compression and 'flexibilisation' of the workforce in Arab countries.<sup>39</sup> In sum, the so-called 'rigidities' of the labour markets in the Arab world, where they actually existed, have had an important *stabilising* and *employment-creating* effect during the adjustment period.<sup>40</sup>

What these policies overlook is the extent of contradictions in social systems. These approaches have been formally teleological and stress short-term measures that obviate the long term basis of development as a social process.<sup>41</sup> Rent-based growth does not require investment in labour, for the simple reason, that income is derived from rent fallout. The real waste and efficiency costs are related firstly, to the idleness of resources that a class-based monetary system cannot galvanise and, secondly, to the flight of resources, of which, the emigration of labour whose social cost of reproduction was borne by the indigenous formations represents the epitome of surplus drain.

Labour demand in a developing context does not derive from demand only but from holistic development. Notwithstanding its massive import dependency, the most important structural factor explaining the reproduction of unemployment, poverty and vulnerability in the Arab world is its subjugated mode of integration into the world economy, especially its heavy reliance on oil and geopolitical rents.<sup>42</sup> At the macroeconomic level, this mode of integration generates a significant vulnerability in the oil-rich economies to shifts in the price of oil and to symptoms of Dutch Disease (only symptoms and not the litany of outcomes manifest in the Arab world making it an Arab disease rather than a Dutch one),<sup>43</sup> and to resource leakages through the export of savings, high defence expenditures and capital and resource flight. As evidenced by the dire social conditions uncovered by the Arab spring, the cross-border class alliance between Arab regimes and Western elites botched development and created powerful tendencies towards the reproduction of unemployment, poverty and inequality.

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<sup>36</sup> Gardner (2003, p.11).

<sup>37</sup> El-Mikawy and Posusney (2002, p.82).

<sup>38</sup> See World Bank (2004, p.115).

<sup>39</sup> The case of Yemen is examined in UNDP (2005).

<sup>40</sup> United Nations (2007b, p.15) and United Nations 2004, Analysis of Performance.

<sup>41</sup> Fine and Stoneman (1996) and McKinley (2001).

<sup>42</sup> United Nations (2006).

<sup>43</sup> United Nations (2007d).



## Development under uncertainty

Neoliberalism, which adopts laissez-faire economics as its frame of reference, is based on the claim that economic development depends primarily on the creation of an enabling environment for the private sector, including free markets and free flows of trade and finance. Promoting fiscal stability at the expense of public investment in social and physical infrastructures and relying heavily on indirect taxation in contrast to more socially responsible progressive and capital gains tax is perceived to contribute to development mainly through the transfer mechanisms and processes of resource allocation from governments to the private sector. Presumably, given these conditions, economies will naturally grow. However, after nearly three decades of neoliberal transformation, the Arab region exhibited the highest 'official' rate of unemployment in the world, as well as the highest rate of income inequality and the lowest rate of global investment.<sup>44</sup> In quantitative terms, since the start of piecemeal neoliberalism in the early 1980s, Arab economies have experienced lethargic growth. Calculated over 30 years, the real GDP per capita growth average in the Arab world is around one percent.<sup>45</sup> Declining investment in industry, plant and equipment, which are the types that require long-term stability and sizeable markets, can account for the greater part of this poor economic performance.<sup>46</sup>

The economic history of the Arab world came to mimic that of the western world: a pre-1980s state-interventionist golden age and a post-1980s monetarist leaden age. In the 1970s the less-oil dependent economies (e.g. Egypt and Syria) combined an average growth rate in GDP per capita of almost 5.8 percent with a trade deficit to GDP ratio of about 15 percent. In the 1980s, with the onset of neoliberal policies, the average growth rate in GDP per capita fell to nearly zero percent, while the trade deficit to GDP rose. During 1990-2000, the average annual per capita growth rate was around one percent, while the trade deficit kept on rising. A comparison of growth and trade deficits of the 1990s as against the 1970s of all the Arab countries shows that, on average, piecemeal trade openness crushed incomes and accentuated national income differences. Rapid trade liberalisation not matched by increased market access to developed countries, as well as potential exchange rate instability linked to relatively greater capital account openness and increased volatility of private capital flows had driven resources away from the national economy. With this policy interface in place and backed by absolute political authoritarianism, when the more recent oil-driven growth episode began in 2002, it did little to improve social conditions; income inequality and higher import rates- boosted by demand for luxury goods, persisted.

At its genesis, induced private investment growth hinges on prospective returns and the degree of risk. For Kalecki, the investment-growth nexus, defined as the inducement to invest, is determined by the gap between the prospective rate of profit and the rate of interest. Future theoretical advances are permutations of this core idea.<sup>47</sup> The rate of capital accumulation depends on profitability, which, in a circular manner, depends on economic growth. If interest rates were to suddenly fall, it follows that the risks would be lower, the capital output ratio

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<sup>44</sup> <http://www.un.org/Docs/journal/asp/ws.asp?m=E/2008/20>

<sup>45</sup> Records based on World Bank's WDI, various years.

<sup>46</sup> <http://books.google.com.sg/books?id=5dGBCJpdiMcC&pg=PA19&lpg=PA19&dq=keynesian+leaden+golden+age&source=bl&ots=WQUEPyochI&sig=MHbtgr4bK-J7XR8WQJeHUR6KYk&hl=en&sa=X&ei=wefuTsCMNpDtrQeancTkCA&sqi=2&ved=0CDkQ6AEwBA#v=onepage&q=keynesian%20leaden%20golden%20age&f=false>

<sup>47</sup> Kalecki, 1935.

would be higher, and the growth rate would rise.<sup>48</sup> Although analytically sound, this argument is not fully compatible with the specificities of the Arab world.

Assuming that returns can be redressed through bolstering balanced growth (meaning proportional growth in all sectors), it is the component of risk that is definitively challenging in the case of Arab states. In view of the various internal and external security concerns, some Arab states carry within them the potential for complete failure. The risks to investment in the Arab world are serious because the stability elements constituting the context for risk cannot be considered manageable over the long term. Keynes, having lived through a major war, differentiated between unquantifiable uncertainty and quantifiable risks. He noted,

By “uncertain” knowledge...I do not mean merely to distinguish what is known for certain from what is only probable...The sense in which I am using the term is that in which the prospect of a European war is uncertain...About these matters there is no scientific basis on which to form any calculable probability whatever. We simply do not know.<sup>49</sup>

The prospect of war, of which there is no shortage in the Arab world, alters the background for investment decision-making, making it mired in uncertainty. Thus, a re-qualification of the concept of risk as it pertains to the Arab world is needed.

The risk function in the Arab world is only partly associated with typical market and price volatilities. Rather, it is one in which the bulk of capital assets could wither instantaneously as the state collapses. Lebanon, Sudan, Libya, Yemen, Iraq, Somalia and Syria represent examples of crumbling states which may later be resurrected in a weaker and splintered form under the Western rubric of nation building. Accounting for the fact that what would be rebuilt later would be a tribe or sect and not necessarily a state, the investment function in the Arab world remains subject to time incoherence and structural shifts. There is a case of *historical uncertainty as distinct from actuarial risk*. Although the ordinary types of market risks will always be present to some degree, the potential for complete collapse is ominous. The uncertainty shifts the ground beneath inter-temporal preferences and brings the horizon of the future closer to the present. In a nutshell, there is no future to plan for when the institution of the state—as the institution of all institutions—exhibits a high probability of being withered away. Investors will be primarily concerned with how returns must redress initial capital costs within a short gestation period. Subsequently, money capital takes the form of unrequited transfers, turns into capital flight, and/or gets lodged in speculative and ephemeral investment endeavours.

Uncertainties that could unfold on complete collapse thwart private-capital's drive to invest over the long term. When public investment into the social and physical infrastructure became restrained by laissez-faire policies under neoliberalism, private investment moved into short term speculative and return activity. The capital output ratio became lower and the growth rate exhibited higher volatility in line with fluctuating oil prices. More importantly, the retreat of public investment was not offset by private investment. Even if one assumes that the private sector can carry out the task of development, raising investment under these tenuous conditions must be preceded by ensuring stability over the long run through enhanced democratic, communal, and national security. These changes, which principally empower the Arab working class by providing it with security from want and sovereignty over national

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<sup>48</sup> This is Kaldor's interpretation of Kalecki. See F. Targetti and A.P. Thirwall, 1989.

<sup>49</sup> Keynes, 1937.

resources, can constitute the institutional groundwork to underwrite a nexus of investment and growth.

Broadly put, development is about the redeployment of real resources. Many still underdeveloped Gulf States, which are financially rich, do import already manned factories wholesale, staff and machines; however, without the necessary linkages to the national production base and the supply-chain network, these will not impart development. More pertinently, underdevelopment cannot be tackled by supply or demand side policies tailored for advanced economies. It is both a supply and demand side issue at once. As mentioned earlier, the Arab economies valued in money form are altogether small and compose around two of world income. Paradoxically, 'small markets would induce small investment and the reciprocal condition also holds.'<sup>50</sup> In an apolitical context, Nurkse resolved this problematic by suggesting a state-funded big-push approach that would boost demand and supply simultaneously. The subsequent crowding-in of private investment would raise incomes and break the vicious circle of underdevelopment. The Arab context however, is politically charged. The one sided supply policies of the laissez-faire age did exactly the opposite of what is needed for development, and it did so purposefully. Being an instrument of imperialist aggression, neoliberal policies had to create a social disaster and deconstruct productive capacity for the purpose of cheapening national resources in money-form denominated by the dollar so that they can be grabbed.

On the face of it, there is a straightforward reason why these policies were undertaken purposefully. Laissez-faire means let do or do as you like. How difficult would it be to see that despotic Arab regimes should not do as they like. In the absence of an equal playing field, laissez faire policies gave local and global elites *carte blanche* to do as they like. Development policy became primarily one of redressing public account shortfalls with much spending centered on building political allegiances and regime stability. These policies, implemented under Western backed authoritarian rule, were adopted at a time of demographic transition, and the developmental failure was inversely blamed on population growth. Yet it is the policies themselves, rather than high birth rates, that disengaged real resources to the detriment of the real economy. The shrinking of the productive base meant that exclusion, which is inherent to capitalism, became a more pronounced systemic mark of the new economy. While the majority of the labour force was becoming effectively unemployed as a result of the shrinkage incurred by the productive economy, the policy advice of the World Bank and the ILO remained set on private sector-led development and supply-side aspects of the labour market.<sup>51</sup> Synchronising human capital to the demands of physical capital is no longer the issue to tackle, for there was little physical productive capital left to employ either an educated or an uneducated labour force.

As elsewhere, neoliberalism was introduced on premises that were incompatible with the inherent conditions of the Arab world. The very market that neoliberalism aims to free does not exist in the Arab world. In the Arab world, there are oil economies, war economies and de-industrialising economies.<sup>52</sup> These are the real markets. The concocted free market, its marginality conditions, and its adduced efficiency criteria cannot guide a real economic process; the result has been the transformation from an even-distribution public sector-led economy with a paternalistic welfare state to a highly uneven private sector and privately-

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<sup>50</sup> Nurkse, 1952.

<sup>51</sup> <http://www.ilo.org/public/english/region/arpro/beirut/downloads/events/qatar/skills.pdf>

<sup>52</sup> Refer to the series of Surveys known as the Survey of economic and social conditions in Western Asia, United Nations, from 2005 until 2009.

owned public sector-led economy. Under dictatorial class rule, income differences soared and laissez faire has meant more of a trickle-up than a trickle-down effect.<sup>53</sup>

In a more concrete sense, over the past thirty years the Arab world has been contracting socially and economically. The share of oil constitutes on average nearly 40 and 55 per cent of Arab world and GCC income respectively. Income is principally derived from oil rents and much of it does not get ploughed back in the productive side of national economies for fear of risks, alleged 'lack of national absorptive capacity' or both. Ironically, lack of absorptive capacity is often the argument put forth by small wealthy oil-states to explain their underdevelopment. Lack of absorptive capacity in underdeveloped countries represents a false alibi under which comprador elites funnel their capital abroad. When productive capacity is low, public investment crowds in private investment and the impact on the price level is tolerable. But still, it may be relevant to recall the overarching condition of conflict-instilled risk and its impact on inter-temporal preferences, institutional intransigence, and the already inherent uneven developmental state of the Arab countries represent insurmountable barriers to development and job creation.

### **A particular form of capital accumulation**

Although capital accumulation entails a blend of expansion of market driven forces (commodity realisation) and development by encroachment and dispossession (control by violent means including imperial grab of third world resources), in the Arab world, the latter pattern held primacy. Oil in its raw form, in the way it is priced in the dollar, and in the infinite scientific permutations of its derivatives creating value added, represents a decisive constituent of global accumulation – the control of which is central to maintaining the stature of US Empire, the present global financial order, and associated imperial rents. The articulation of the 'Arab social formation' with global capital is defined in terms of a cross-border class alliance of global capital elites and Arab regimes. The reproduction of this relationship is maintained by outright military superiority and violent subjugation of Arab working masses.

Wars, or the serious threat thereof, are the rule and not the exception in the Arab world. The very persistence of conflicts in the Arab world mediate lingering and un-weathered inter-imperialist rivalries between the US and other powers in Europe and Asia over the disproportionate acquisition of imperial rents derived from the stature of US empire. The mismatch between America's waning economic dynamism and its unchallenged imperial rank, which in part manifests itself in growing US military adventurism, endangers the global financial structure; central to which, the dollar as the universal medium of wealth holding, which ultimately creates uneasiness about the disposition of imperial partners towards future inter-imperialist collaboration and wealth denominated in dollars. Militarism, as a consequence, remains the principal province of accumulation, which reigns over much of the lower end of the third world and, most particularly, the Arab world.<sup>54</sup>

Pursuant to successive assaults, the social disarticulation of Arab formations have become more pronounced on both the national and regional level. Rifts have widened between national social classes and regional states. As differences between Arab countries grow, the

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<sup>53</sup> University of Texas Inequality project: <http://utip.gov.utexas.edu/data.html>.

<sup>54</sup> <http://petras.lahaine.org/?p=1857>  
<http://www.marxists.org/archive/luxemburg/1913/accumulation-capital/index.htm>

social and geographical depth resulting from third world regional solidarity, which attenuates risk has become compromised as a result of the surrender to imperialism. Lost also in this fragmenting process are the complementarities that could have arisen between Arab economies with different resource endowments. Naturally, intra-regional trade sunk to around ten percent of total trade and most commodity trade occurred between individual Arab countries and the rest of the world.<sup>55</sup>

There are, of course, subtle reasons for the national divides, but if questions of degree were to matter, it is principally the high degree to which regional resources are controlled by narrow private as opposed to public interests (including nonetheless the privately controlled public sector) that constitute the *raison d'être* for divisiveness. Private interests can also include the interests of foreign capital conjointly with regional capital; however, it is difficult to draw a demarcation line separating national and foreign capital in the financialisation age. For national capital, it is not only the magnitude of the rate at which the future value of assets is discounted that tends to matter when calculating the loss from foregoing present for future gains; it is rather the high magnitude of the privately owned assets -rent grab, relative to the huge masses who do not hold assets and are partners in the social contract. The steepness of the divide, keenly supervised by imperialism, hinders the formation of a development-mediated social form of organisation. In view of the strength of the 'political hold' on 'economic returns' and/or in the ambiguity surrounding the ownership lines that mix the private with the public sectors, any re-distributional strategy can be perceived as harmful to the haves vis-a-vis the have-nots because it will undermine the rent appropriation mechanism. It is the strong hold of the coalition of international/regional capital on the state, which allows for surplus usurpation that depletes the economy of the capacity to regenerate itself. More concretely, it is the absence of institutions that intermediate private and public social interests in a democratic context combined with the dominant role of imperialist intervention that compose the terrain of uneven accumulation.

The skewed initial endowment, the anti-labour bias of institutions, and the laxness of an international resource mobility arrangement made indispensable the transfer of resources abroad. The purpose was to disempower working people. For that, accumulation by encroachment exacted a halt to progressive social reform and an inflation of the ranks of the unemployed. Despite the fact that unemployment was rising, between 1980 and 2010, seventy million people moved from rural abjection to urban squalor. The share of the rural to total population in the Arab world dropped significantly from about 60 percent to about 40 percent.<sup>56</sup> This conservative estimate is nearly equivalent to the total number of rural-urban migrants since the beginning of the twentieth century until 1980. Basic food production was decreasing and food imports were rising in this highest per capita food dependent and scarcest-water area globally. The agricultural sector, which is the last stronghold that could offer social support to huge parts of the working population was shrinking relative to the

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<sup>55</sup> United Nations (2009a)

<sup>56</sup> These are very conservative estimates based on fixed coefficients of population growth and rates of rural-urban migration. These estimates do not include migration outside the Arab world. A middle range estimate would put this figure at around one hundred million. The rationale for my calculation has to do with the constancy of certain rural population characteristics. 'In most Arab countries, there has been little change in rural fertility in the past and the prospects of its appreciable drop in the next 10 years are remote; despite a fall in infant mortality rates in rural areas, life expectancy is not projected to increase significantly in most rural populations of the region, and major declines in both fertility and mortality in Arab countries have been largely limited to urban areas; and in the absence of reliable data, the best and perhaps the safest course for making rural population projections by age is to assume a constant rural population age structure for the period 1980-2015.' The Demographic Profile of Arab Countries Ageing Rural Population, United Nations, 2008.



economy in order to socialise propertyless farmers. Since 1980, the share of investment in agriculture from total investment fell continuously to reach a low of five percent by 2009.<sup>57</sup> In Egypt, the most populated Arab country, the decline in agriculture was drastic and within a decade the share of agricultural investment from total investment fell from around 10 percent to about 4 percent.<sup>58</sup> These were concerted and premeditated efforts aimed at weakening the working population and reconstituting social value for grabbing purposes by absolute and violent means.

Arab resources, including labour, are captive to an accumulation structure that is redeployed in time and space through divestiture. Reorganizing the social formation in a way to lock in resources for the purpose of development would entail a shift in the parameters that define the intraregional as well as the extra-regional class alliances. The foreboding element of oil control incarnates the determining moment in this process. However, the politics of oil are more extra-regionally determined, hence, the structure of accumulation by expropriation will remain unchanged so long as global powers reposition their imperial ambitions to be at odds with the welfare of the Arab working population. There always exists a primacy of politics when values and wealth are generated by a class structure organised under the nation state. Not that the primacy of politics is peculiar to the pauperisation of the Arab world, but the concept of 'primacy of politics' assumes new dimensions since these war and abjection stricken formations matter more in how they could further imperialist interests as a result of their outright immiserisation rather than from what their productivity based growth and employment policies could add to value.

### **A particular policy approach**

Arab social formations are monumental developmental failures and are not producing adequate jobs. Mainstream policies do indeed analytically list a variety of reasons for labour market underperformance and unemployment. They also list in passing, as one reason among many, the cyclical nature of the unemployment problem. Insidiously, they then revert to treating each reason as somehow being an equal or statistical contributor to unemployment. In the absence of a determining historical moment encapsulating innateness of unemployment under capitalism, the orthodoxy moves into placing pretentious attention on educating the right people for the 'non-existent' right jobs. To begin with, accumulation is a social process. The roots of the unemployment ailment are related to a class and power structure that reproduce it. It is not diplomatic tact on the part of IFIs to obviate the social origins of unemployment, but complicity. This subordination of economics to the power of capital is the furthest any discipline can distance itself from the status of a science.<sup>59</sup>

In view of the primacy of politics, the social process of accumulation and the organic interlocking of the global economy, apolitical policies aimed at rebuilding what has been disengaged ring hollow without prioritising the rights of labour. Even demand side policies such as more expansionary fiscal and monetary policies, building virtuous linkages between sectors, greater investment in research and development (R&D) to meet sustainability, increased public investment, public-private partnerships, and integration of regional policies into national development strategies are meaningless without tipping the structures of power and restraining the comprador bourgeoisie. The economic aspect of restraining the

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<sup>57</sup> Arab Labour Organisation, Workshop on agricultural rebirth, Damascus, 23-25 November, 2010, p.57.

<sup>58</sup> Bush, R.C., (2007).

<sup>59</sup> Lange, O., (1953).

rentier/comprador bourgeoisie means to allow its expansion to proceed only in rationed money-form denominated in the national currency. The bourgeoisie should not be in a position to handle at will the transfer of national currency through open capital accounts. Foremost in these alternative policies are the settings of multiple exchange, interest rates and partial barter trade to resituate the rules of the game in favour of the distraught sectors of the Arab economy. When the powerful elites strip working populations of their security and sovereignty by the medium of the state, prices and the money form reinforce inequality.

Any form of monetary intermediation with the more developed centre aims at further social dislocation in the poorest areas of the Arab periphery by the degree to which concessions are made to middle income countries. In a system wrought with contradictions and one in which prices are brokered by power structures, sugar-coating financial relationships by making them appear as if they are some form of benevolent aid and dressing them in second-hand 'pro-poor' sentiments forfeits the fact that the money-form is the mediation of value and power relationships. In a socially interlocked process of accumulation that metabolises capital and labour, there is room for radical reform only insofar as the requirements of the rate of accumulation do not raise the standards of living in one corner at the expense of another.<sup>60</sup> Reform policy is cogent only when the interests of the poorest countries tally with the outcome of reform in any other middle income country. So far, middle income countries are being placated by the extent to which misery and war plagues the lowest echelons of the international division of labour (e.g. Yemen, Somalia, and Sudan).<sup>61</sup> Without mention of the centrality of class antagonisms, these demand side mantras may be obfuscating and strengthening the ideological hold of capital. They represent a way for the organised dimension of capital to manage accumulation by raising the pauperisation inflicted upon the most distraught sections of Arab labour. In view of the social basis of value creation and the distorted image represented in the money-form, policy acquires pertinence as it aligns itself with the standpoint of the forcibly under-valorised layers of Arab world labour.

Labour in the Arab world has been made persistently redundant by a combination of imperialist assaults and labour saving technology. Ready-made policies for employment creation such as labour intensive economic growth is necessary for remedying the situation; however, it is not sufficient. Notwithstanding the small size to which the productive Arab economy has been reduced and supposing we do get labour intensive growth, the already dwarfed real economy relative to the huge numbers of unemployed would result in sustained low productivity growth. Low wage growth will follow low productivity growth over long periods. The impact on demand that would be needed to kick start the economy will be minor. The issue of unemployment cannot be solved by standard recipes. In an Arab context of war and oil, equity must precede efficiency until the valorisation of socially valuable work begins to pay off. The socialisation of labour entails socialising accumulation by more egalitarian distributional means. Two points reflexively arise from the foregoing: first, there has to be a reinvention of a price system re-valourising labour and capitalising the economy with state generated capital (subordinately, price guarantees and subsidies being part of that), and; secondly, through socialising property and wealth which ensures that appropriation aligns the social with the private interest (land reforms and regulation of major financial institutions). At the national level, retaining the social product for recirculation within national borders involves multi-layered price engineering which ensures that exchange and interest rates policies lock in resources. At a subordinate sectoral level, guarantees for agricultural output, financing for

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<sup>60</sup> Mészáros, (1994).

<sup>61</sup> Ibid.

industry and agriculture at concessional rates, and integrating agriculture via increased investment into the economy represent leading reform measures.

For full employment policies to succeed, a relative delinking of Arab economies through price manipulation and partial protectionism is required. In the interim period, the state has to act as Employer of Last Resort, and introduce public and social work programmes (PWP) to provide low-paid temporary jobs for relatively disadvantaged groups of workers, as well as, other paying jobs in socially relevant areas for the more skilled. The issue remains that whatever active labour market programmes are introduced, they will depend on the macro environment; otherwise they will be short lived and doomed to failure. As it has been mentioned, economic development depends on autonomy over policy, resource recirculation within the economy, and adequate interface between policies and outcomes. These, in turn, depend on weakening comprador links to imperialism. Thus, in order to assess which employment policy options are available to the Arab countries, one needs a broader understanding of the social structure and the institutional framework in which the task of development is going to be carried out. Development depends on the nature of the agent of development and institutional predisposition toward capacity building. Principally, the degree of sovereignty over resources and the institutional context of the Arab world will determine whether one will be able to deal with the various developmental challenges, such as the contradiction between a restrictive monetary policy and a vigorous fiscal stimulus plan, the disjunction between regional savings and regional investments, the absence of automatic stabilizers, and the rentier character of most Arab states, which limit their capacity to intervene in a productive, efficient manner and respond to the needs of the working segment of the population. Focusing on the social-institutional level of the responses to the challenge of development is a way to reintroduce historical, social, and political elements in the analysis and to qualify over-generalisations that might be counterproductive in this particular context.

For macro generating employment policies to work jointly and interdependently and become developmental tools, Arab countries would have to tackle the 'structural' impasse underlying the policy framework, namely the translation of idle financial resources into real resources, the introduction of a social criterion for employment and the linkage of development to working class security *qua* sovereignty issues. Without a sovereignty whose substance rests on the mediated security of the working population, there will be no autonomy over policy. In none of the Arab countries is there a working population secure from want or a national sovereignty determined by the security of the working population. Steep national income differences and deepening labour force differentiation fuel uncertainty making the present more valuable than the future. Under these conditions, talking of the interface between employment policy and outcomes is futile. The starting point for discussion lies in analysing the imperialist predisposition to underdeveloping the Arab world and which systemically excludes people from the production process.

So far, the Arab spring is far from restructuring matters socially and it remains more of a political tremor than a social revolution. Currently, one group of countries is headed towards open civil war and the possible erasure of the state and another has innately conservative parties rising to power. Civil war will feed the transfer of value through militarism and encroachment. Wars cheapen third world assets and the foremost input into accumulation, that is, human life. Where elsewhere Islamic political parties assumed power through the ballot box, these countries will most likely remain trapped in the policies of the past, further under-developing the social formations. The corruption that any revolutionary process is supposed to reverse has to do with stemming the transfer of value and under-priced

resources to the more advanced countries. So long as the political parties voted into power sanctify property rights irrespective of the degree of mal-distribution, ordain a repressive labour process, and place obligations before rights, it will not be possible for a *volte face* of policy to occur. In view of the fact that the majority of the working population has been dispossessed and that Arab economies cannot conceivably reemploy the massive redundant population under the received efficiency criterion of productivity expansion, it is time to introduce an equity based social benchmark for employment creation.

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**SUGGESTED CITATION:**

Ali Kadri, "Unemployment in the post-revolutionary Arab world ", *real-world economics review*, issue no. 59, 12 March 2012, pp. 113-130, <http://www.paecon.net/PAEReview/issue59/Kadri59.pdf>

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