

19. Inequalities in the Arab region

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Social and economic inequalities remain among the most pressing developmental issues for the Arab region. These inequalities are indicated by the large and persistent disparities that exist in ownership and control of economic wealth, access to resources and markets, and the exercise of political power. They are found both within and between states, and have profound and complex connections to violence and conflict. This contribution examines some of the quantitative and qualitative trends in inequality for the Arab world, and explores their relationship to contemporary political dynamics.

Numerous scholars and development institutions have pointed to the widening social and economic inequalities that have characterized the Arab world for two decades. These inequalities are indicated by large and persistent disparities in the ownership and control of economic wealth, access to resources and markets, and the exercise of political power. They also have significant political implications: the popular uprisings that spread across the region in 2011 were in large part triggered by perceptions of inequality, reflected in the ubiquitous cries of *'aish, hurriyah, 'adalah ijtimai'yah'* (bread, freedom, social justice). The longstanding denial of basic social rights remains a potent contributor to violence and conflict in the region. Challenging inequality must therefore be at the forefront of any sustainable development strategy for the Arab world.

Inequalities are found within and between Arab states and they manifest themselves differently across a range of social markers including gender, national origin, age and citizenship status. One important illustration of these differences can be seen in labour market outcomes. Before the global economic downturn of 2008, the average official unemployment rate across Egypt, Jordan, Lebanon, Morocco, Syria and Tunisia was higher than in any other region in the world (IMF, 2011, p. 39). Young people and women are most affected by unemployment. Around 19 per cent of all Arab women are unemployed, as are 26 per cent of the young people in the region (ESCWA, 2013, p. 10). These figures hide large regional disparities: In the Mashreq sub-region (Egypt, Jordan, Iraq, Syria, Lebanon and the West Bank and Gaza Strip) over 45 per cent of all young females were unemployed in 2011, more than double the rate for young men (UNDP, 2011, p. 41).

The Arab region also ranks bottom of the world for labour market participation rates, with less than half of the region's population considered part of the labour force (IMF, 2011, p. 39). Only about one-third of young people and 26 per cent of women are in work, or are actively seeking employment (ESCWA, 2013, p. 9). This profound marginalization of young people and women has deep social implications in countries where elderly men still dominate political power.

Unlike in many other countries, university graduates do particularly poorly in Arab labour markets. Recent reductions in public sector spending and state employment mean that many young people graduating from tertiary education find themselves without suitable job opportunities. In 2012, more than 30 per cent of university graduates in Egypt, Tunisia and Jordan were unemployed. In the latter two countries, the proportion of unemployed graduates has more than doubled since 2004 (World Bank, 2014). Again, women tend to be disproportionately represented in these statistics: more than 60 per cent of women with tertiary education are unemployed in Jordan, while in Egypt the figure reaches 40 per cent.

Elusive formal employment

The widespread prevalence of informal and precarious work across the region also reflects its lack of stable job opportunities. In 2009 the UN Development Programme (UNDP) reported that the growth of informal work in Egypt, Morocco and Tunisia was among the fastest in the world, and totalled between 40 and 50 per cent of all non-agricultural employment (UNDP, 2009, p. 111).

In Egypt, three-quarters of new labour market entrants from 2000–05 joined the informal sector, up from only one-fifth in the early 1970s (Wahba, 2010, p. 34). Not only do these trends affect the character of employment, they also have important implications for the way urban space is used and the kinds of social and political movements that have emerged in the Arab world. The residents of densely packed informal settlements across cities such as Cairo, Casablanca, Algiers and Beirut are viewed by governments with deep mistrust and suspicion.

These highly unequal employment and labour market outcomes have contributed to worsening overall poverty in the region. The proportion of the population without the means to acquire basic nutrition and essential non-food items (the 'upper poverty line') has averaged close to 40 per cent across Jordan, Morocco, Syria, Tunisia, Mauritania, Lebanon, Egypt and Yemen in the past decade (Achcar, 2013, p. 31). An August 2013 UN report on the MDG in the Arab world notes that when measured by regression-based poverty estimates, more than 20 per cent of people in the Arab region are poor, and that this figure has not changed since the 1990s (ESCWA, 2013, p. 5). According to these figures, the Arab region is the only area of the developing world in which poverty levels remained stagnant through the 1990s and 2000s.

Health and education

Health and educational outcomes also show unequal access to state services and social support. Between 2000 and 2006, around one-fifth of all children in Egypt and Morocco exhibited stunted growth as a result of malnutrition (UNDP, 2009, p. 137). Across the Mashreq countries, undernourishment increased from 6.4 per cent in 1991 to 10.3 per cent in 2011 (ESCWA, 2013, p. 14). Illiteracy remains at strikingly high levels in Morocco (33 per cent of the adult population), Egypt (25 per cent) and Tunisia (20 per cent) (UNESCO database, figures for 2013). Educational access is also clearly marked by sharp inequalities. The Economic and Social Commission for Western Asia (ESCWA) notes, for example, that '20 per cent of the poorest children [in Egypt] do not enter primary school, while almost 100 per cent of rich children complete upper-secondary education. Around 25 per cent of poor families spend money on supplementary tuition for their children, compared to 47 per cent of the richest families. The richest households spend around four times the amount of the poorest households' (ESCWA, 2013, p. 17).

The self-reinforcing effects of poverty and of harmful educational and health conditions raise serious concerns for social development in the Arab world.

Who benefited from economic growth?

The widespread deterioration in social conditions described above occurred during a period of relatively strong economic growth between 2000 and 2008, which again reflects the high levels of inequality in the region. The United Nations recently described this divergence in the case of Egypt as a 'paradox' – national poverty rates rose from 16.7 per cent in 2000 to 21.6 per cent in 2008, while GDP per capita rose consistently and rapidly over the same period (ESCWA, 2013, p. 6). In Lebanon, Morocco, Tunisia and Jordan, real GDP per capita rose by between 14.7 and 23 per cent in constant US dollars over the period 2003–08 (figures from the World Bank database). This indicates that any benefits from economic expansion and growth were not experienced evenly across all layers of the population.

Widening gaps

Widening gaps in power and wealth are not only apparent within countries. They are also seen at the regional level, most notably between the Gulf Cooperation Council (GCC) states and the rest of the Arab region. According to an October 2014 report by the Institute of International Finance, the net foreign assets (gross foreign assets minus external debt) of the GCC states rose from \$878 billion in 2006 to a forecast \$2.27 trillion by the end of 2014 (IIF, 2014, p. 32). This compares with a decline in the net foreign assets of Egypt, Syria, Jordan, Lebanon, Tunisia and Morocco from a surplus of \$11 billion in 2006 to a forecast deficit of \$46.7 billion by the end of 2014 (IIF, 2014, p. 34). Alongside the high levels of state wealth in the Gulf, privately held wealth has also increased very rapidly. According to one estimate, private wealth in the Gulf rose by 17.5 per cent each year from 2010 to 2014, with the total dollar amount doubling from \$1.1 trillion to \$2.2 trillion over this period (Strategy&, 2015, p. 3).

The fate of migrant workers

Despite these high levels of wealth in the GCC states, it is important to remember that more than half of the Gulf's workforce is made up of migrant workers, mostly from South Asia or other Arab countries.

In some states, notably the United Arab Emirates, Kuwait, Oman and Qatar, more than 80 per cent of the workforce consists of non-citizens (GLMM, 2014). These workers cannot become permanent residents or citizens, and are systematically denied their political, civil and social rights. As a consequence, reports of human rights abuses are common, including the payment of very low wages, confiscation of passports, restrictions on movement, unsafe working and living conditions, and physical and sexual assault (Hanieh, 2013). All these examples point to the hidden inequalities that lie behind the Gulf region's glittering towers and fanciful projects: inequalities that are demarcated and reproduced through differential rights associated with citizenship.

There is no single cause of these inequality trends across the Arab region. In some countries (Iraq, Syria, the West Bank and Gaza Strip, Lebanon and Yemen), high levels of violence and conflict have played a major role in contributing to social polarization and exclusion. Military occupation – in Iraq as well as the West Bank and Gaza Strip – has worsened poverty and exacerbated inequality. Conflict-ridden areas also tend to have large numbers of displaced persons and refugees, placing even more strain on social support systems and state capacities. Other countries, notably Egypt, Jordan, Morocco and Tunisia, have seen inequality levels increase during periods of economic liberalization and the adoption of market-led development strategies (Hanieh, 2013). As noted above, reductions to state and social spending have reinforced the marginalization of poorer communities, young people and women. Moreover, all Arab states have suffered from autocratic and non-representative political systems, which have compounded social, political and economic inequalities. Despite these different contributory factors and the variety of development patterns seen throughout the region, inequality remains a constant and commonly held grievance, and forms part of the shared experience of social injustice across the Arab world. Addressing these inequalities remains an urgent task for development organizations, policy-makers, and social movements throughout the region.

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