

An outline for the right to economic development in the Arab World

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At this juncture in Arab history, there is an opportunity to be grasped. Unless there is a successful transition from the political to the social revolution in the Arab world, the sacrifice made by the Arab working classes will be betrayed. The following is a proposal to expose some of the previous aspects of development and economic performance in the Arab world with the aim to infuse the development debate with the idea of development as a human right. It need not be said, the present struggle is a struggle for rights. The idea of rights empowers people; it gives them a sense of self-affirmation. The language of rights establishes a framework for the allocation of resources. Without the rights rhetoric we will end up with a totally uncaring market system that will not solve our problems.²

Introduction

Development is about unleashing human potentialities and broadening the choices of people. It is a fair and balanced outcome combining the rights to food, shelter, universal health care, work, the right to politically organise and vote. It is freedom from hunger, from oppression and all that stands in the way of people participating fully and unhampered in shaping their future.³ On a more concrete level, development is also the infusion of knowledge in production, incremental growth in capital and progressive institutional change that responds to the demand of working people. Development, in the broad sense, combines the freedom paradigm and capital accumulation – but, not in a static combination. It is the mediation by which the agent, or the subject of history, interacts with the totality of the social condition for the purpose of development. Development therefore becomes the articulation of the social forces that shape capital accumulation or the process by which society reproduces itself. It is the outcome of peoples' struggles, in particular, class struggle, to improve their lives through the political process.

Choosing the appropriate development strategy is not independent of the overall vision for the future of the economy and society and the context defining the parameters within which the strategy will be articulated. It is crucial to start with a correct appreciation of the social forces shaping the present and the full legacy of the past without losing sight of the fact that development is a long term process. The moment development is situated in the long term, the developing world transcends the idea that developing countries are emerging markets that have to report financial gains on quarterly basis, as if they had become the country-cousin counterpart of Morgan-Stanley. Long term development is about placing the social agenda before the credit ratings of global and Breton-woods short-term financial accounting. It is the deployment of real national resources in a developmental project. This

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² These are the words of the late South African Justice, Albie Sachs.

³ Sen, A.K. *Development as Freedom*, (1999) Oxford University Press.

longer horizon perspective and a thorough assessment of the undercurrents of this particular revolutionary historical process form the connecting grounds that allow the pursuit of development objectives. It, more decisively, reorients policy in a way that redresses the baleful costs of neoliberal experiments that toyed with people's lives in the past, fosters an agenda that cuts across the divide of economic efficiency and social values, and promotes the idea of development as a human right.⁴

The intrinsic value of the right to development has been widely recognised. In essence, '[t]he right to development is an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized.'⁵ The right includes:

- full sovereignty over natural resources, including self-determination and popular participation in development;
- the right to work;
- equality of opportunity, which is preceded by equality of condition;
- the creation of favourable conditions for the enjoyment of other civil, political, economic, social and cultural rights;
- peace and security are essential elements for the realisation of the right to development.

The individual and the collective rights – the latter is the mediation of the former right – are identified as the beneficiaries of the right to development, as of all human rights. The right to development can be invoked both by individuals, by communities and by peoples. It imposes obligations both on individual States - to ensure equal and adequate access to essential resources - and on the international community - to promote fair development policies and effective international cooperation.⁶ The state, which recognises the right to development and the international covenant on economic, social and cultural rights, economic policies, should bridge the wealth divide, furbish the right to decent work and the right to a decent standard of living.

In the Arab world, economic policies are concentrated in the competence of the state. It is the efficiency and practicality of public policies that should be accountable and come under independent public scrutiny. The role of economic policy and, more specifically, fiscal and monetary policy is to find the appropriate regime that mediates disparate developments and puts interest back in the national and regional economies. Under the right to development rubric, economic growth should meet basic needs and not be a trickle down arrangement.

⁴ Development, in this context, is regarded as a process of economic growth, with expanding output and employment, institutional transformation and technological progress of a country that steadily improves the well-being of all people. When that well-being is regarded as the fulfillment of human rights and fundamental freedoms that enhance the capabilities of the people to realize their full potential, the process of development that leads to the improvement of that well-being can be claimed as a human right. The realization of the right to development is seen as the fulfillment of a set of claims by people, principally on their State but also on the society at large, including the international community, to a process that enables them to realize the rights and freedoms set forth in the International Bill of Human Rights. Economic and Social Council, COMMISSION ON HUMAN RIGHTS, Working Group on the Right to Development, Geneva, 11-20 February 2004.

⁵ <http://www.unhchr.ch/development/>

⁶ Ibid.

Also, the Arab world is a world that is so interlocked with the global economy, such that, it would not be possible to lock in resources for development without international cooperation. The international community, comprising countries and institutions at the international level, has the responsibility to create a global environment conducive for development.

By virtue of their acceptance and commitment to the legal instruments, the members of the international community have the obligation to support effectively the efforts of Arab States that set for themselves the goal of realizing human rights, including the right to development, through trade, investment, financial assistance and technology transfer.⁷ Without this rudimentary cornerstone of an economic strategy designed to reduce poverty and unemployment, it is unlikely that any economic program of action can meet the basics of human rights, compensate working people for their suffering under the combined assault of neoliberalism and Arab autocracy and, generally, to secure the right to development.

The economy of the Arab world in perspective

Oil prices are set to remain high in 2011 and, consequently, economic growth in the Arab world as a whole is expected to be higher than usual once more. High growth rates over the last nine years signify a departure from a poor growth trend that started in the early eighties. Growing demand for oil from developing countries continues and world demand for oil is set to grow into 2012. Higher quantities and prices imply that the share of oil in Arab GDP will remain high. In 2009, the share of oil constituted nearly 40 and 55 per cent of Arab world and GCC GDP respectively. But, despite a solid growth performance in 2003-2010, poverty levels rose, income inequality widened and unemployment rates responded poorly to economic growth and remained critically high. There was roughly a two-three percentage point drop in unemployment over a seven-year period (2003-2009) that witnessed a cumulative growth rate of 35 percent – here I am only referring to the official rates, which are way underestimated. In an area that exhibits the highest rate of unemployment globally (15 percent) and, incidentally, the lowest rate of investment, this weak response in job creation to growth makes anomalous the law of labour demand as derived demand and stands counter to the right to work as per the universal declaration of human rights.

This otherwise chronically low income elasticity of labour demand vis-à-vis other regions springs from the fact that much of income is derived from oil or geopolitical rents. It is income earned without effort by the US backed ruling elite that controls the state via the security apparatus. It is also income that is funnelled abroad, namely to shore up US debt and, what stays at home supports affluent consumption. Arab financial wealth does not get re-ploughed back on the productive side of national economies because development, which empowers the Arab people is prohibited by a collusion of US imperial interests in and Arab regimes. Mainstream economists cite fear of risk and an alleged lack of national absorptive capacity or, evidently, both conditions as false alibis for diverting resources abroad. Just the idea of lack of absorptive capacity in underdeveloped economies calls for ridicule. Even the

⁷ "Review of progress and obstacles in the promotion, implementation, operationalisation, and enjoyment of the right to development." E/CN.4/2004/WG.18/2, 17 February 2004.

Gulf, with more than a five trillion dollars surplus in unrequited transfers over forty years, is still categorised as underdeveloped.⁸

In the Arab world there are deep seated reasons associated with the nature of the accumulation process that disrupt the intermediation between economic expansion and social development and, consequently, vitiate a plethora of U.N. covenants and declarations relating to development as a human right.⁹ Foremost among these reasons, is the continued US led assault on the Arab people, either directly through occupation, or indirectly, by supporting Arab dictators. To control oil, and through that, lay stake to the global accumulation process, the US has to strip the Arab people of their will and of their right to own their human and natural resources, albeit, in close collaboration with an Arab comprador bourgeoisie that has long ruled by outright tyranny and brutality.

There are no accurate estimates of the actual rates of unemployment in the Arab world. But, anecdotal estimates place the figures at above fifty percent. The high rate of Arab unemployment is the accumulated product of about three decades of de-socialisation, class restructuring, declining investment rates, cyclical contraction and a production process that is labour saving. Since the early 1980's, the economies of the Arab world have been subjected to a neoliberal offensive and performing way below potential. While the real GDP per capita, for the region as a whole, was growing annually at a respectable rate during the 1970s (4.5 per cent), it declined at the annual rate of negative three per cent during the 1980s, and grew at the staggeringly low rate of 0.34 per cent during the 1990s. This prolonged contraction in economic activities was associated with a systematic disengagement of national industry and an extirpation of subsistence agriculture, which had forced millions into emigration and urban squalor and further exposed working class security. Despite a buoyant recent performance, which started in 2002 when oil prices began to rise again, unemployment remains at astonishingly high levels. As a case in point, it is meaningless to speak of the official unemployment rate when half the population resides below the poverty line.¹⁰

When the cornerstone of development, namely the creation of decent jobs, fails to be met, the causes have to be explored not so much in the slow rate of build-up in machinery, physical plant and equipment, but in the way power, control and decision making are articulated between the Arab and extra-regional social formations. The failure to meet the target of jobs and poverty alleviation under the right to development to which all Arab countries are signatories points to shortcomings in the way various national institutions, which are dominated by comprador classes allied with the US ruling elites, relate to each other and to the outside world. It is at this fundamental level that disparities in development have to be explored and the causal mechanisms should be laid bare.

As to the unavoidable issue of responsibility, when development is enshrined as a human right, it becomes the responsibility of all participants, national and as extra national. Furthermore, in a closely integrated world, the accountability for crisis of underdevelopment

⁸ For a detailed account of capital flight and unemployment, see *The Survey of economic and social conditions in western Asia*, 2007-2008.
<http://www.escwa.un.org/information/publications/edit/upload/edgd-08-3-e.pdf>

⁹ A/RES/56/150 The right to development, A/RES/55/2 United Nations Millennium Declaration, A/RES/55/110 Human rights and unilateral coercive measures, A/RES/55/108 The right to development, A/RES/54/175 The right to development, A/RES/53/155 Right to development, A/RES/52/136 Right to development, A/RES/52/120 Human rights and unilateral coercive measures, A/RES/51/99 Right to development, A/RES/50/184 Right to development.

¹⁰ The Unified Arab Report, League of Arab States, Cairo, various years.

cuts across national boundaries, and responsibility falls squarely on the shoulders of the ruling elite in the United States and its despotic Arab allies. It is not a country, a nationality or a people that are responsible for the crime of poor development, it is a cross-border alliance of social classes. There is no nationalism that is not laced with racism. Therefore, rebuilding the Arab world under the development as a human right edict should be a combined regional and international effort aligning the interest of working social classes across borders.

Arab oil rents have dichotomised economies in a very unproductive way. A highly capitalised oil sector created few jobs relative to the capital invested in it and, in an adjunct manner, decent job expansion occurred through patronage in the public sector. The latter sector, however, was not deployed to absorb the high rate of young entrants into socially useful activity, because the fiscal policy of the state did not mediate the interests of the broader working class. It is only in the Arab world where the highest income inequality exists, whilst income taxes are absent. Public sector employment was used to generate consent via clientalism and divisiveness of the working class via favouritism by pitting one social group over another, in order to pre-empt working class solidarity. As to the private sector, the presence of weak financial intermediation between money assets that accrue from oil or geopolitical rent and physical capital, the absence of a healthy rise in income associated with rising productivity, and the uncertainty that engulfs the future made the rest of economy lean ever more heavily towards ephemeral entrepreneurial endeavours, the service and informal sectors.¹¹ As of today, poverty stricken informal sectors employ the majority of the Arab labour force.

In the Arab world, a shallow financial market and declining productivity were a blessing in disguise. In so far as the former is concerned, when the global financial crisis arrived, little did it affect the growth rates of national economies because money assets were rarely channelled into financing industry or development. As to the latter, non productive employment in the public sector, which was meant to buy loyalty from a dispossessed population, acted as a welfare cushion for people who would have otherwise been living at levels far below subsistence. The desired virtuous developmental circle, which is for people to generate an income from productive employment, earn and support a decent living standard from national jobs, was obviated principally because profits are drawn from short-term merchant and rent-seeking activity tapping into oil rents as opposed to an increasing returns based development path. If volatile oil prices tumble or settle to a lower plateau, they will put in check a whole mode of development that is namely based on oil revenues, which are incidentally empirically shown to be highly vulnerable to high fluctuation.¹²

The Arab mode of development is oil/geopolitical rent determined and precarious at best. It is not difficult to foresee that the oil rush is not sustainable. An oil related crisis already happened once, starting in 1981 and lasting well into 2002. In this span of time real per capita GDP as reported by the world Bank (WDI) for Saudi Arabia fell from around 18,000 US\$ to about 6000 US\$.¹³ By 2002, the rate of Saudi persons living below the national poverty line, even in supposedly wealthy Saudi Arabia, rose to around twenty percent of the population.

¹¹ Keynes differentiated between calculable risk and incalculable uncertainty. In the Arab world, every state is potentially a failed state, hence, the time horizon cannot be subjected to continuous probability estimation.

¹² http://www.unctad.org/en/docs/dp_159.en.pdf, "Dynamic Products IN World Exports", Jörg Mayer, Arunas Butkevicius and Ali Kadri, No. 159, May 2002

¹³ As calculated from the WDI.

Although at no time there existed a balance of payments problem, wealth under the existing elite-dominated institutional arrangement was trickling up and not down.

Uneven development and deepening labour force differentiation represent the mainstay of state policy in the Arab world. The process is aided and abetted by a preponderance of US military bases and open regional conflicts, which altogether obviate the very idea that development can be the long-term process, which it should. So not only are internal national policies prohibiting development, but the risk of conflict spilling over at any time vitiates the future and annuls the long-term prospects. Developmental projects, which require long gestation periods, are no longer considered. Short term rents in all the economic sectors prevail, making the present more valuable than the future. A FIRE economy flourishes (FIRE stands for finance, insurance, and real estate). But still, it may be relevant to recall that the overarching condition of imperialistically imposed geopolitical risk and its impact on inter-temporal preferences, institutional anti-working class bias, and the already inherent uneven developmental state of Arab countries come together to further thwart the path of development as defined under the rights discourse. That is why the struggle for development shifts almost entirely to the political sphere. Development in the Arab world becomes the struggle against the local ruling despots and their imperialist patrons.

Uneven development and inequitable income distribution are remarkable in the Arab world. To illustrate the unevenness: on one end, densely populated Yemen is an LDC with a median monthly income of 100 US\$ per family of seven, and sparsely populated Qatar's comparable median income is near the 4000 US\$ mark.¹⁴ Within the existing rent and rentier class based and biased institutional context, presumptive redistribution allowing for lesser concentration of private wealth and greater interest in regional development is highly unlikely either within or across Arab countries. Progressive income taxes are practically non-existent and inter-Arab capital transfers are minimal.¹⁵ Oil rentiers reinvest little in their countries for the purpose of capitalising productive capacity because their earnings, which are effortless, are generated from the sale of natural assets found in their respective countries and do not depend on capitalising and educating labour. To date much of the Gulf region excess savings, some five trillion dollars over 40 years, are divested abroad, principally in US T-bills.

The inter/intra wealth and income divide between lower and highest quintiles/deciles is highest globally in the Arab world (Texas income inequality data project). Facing these tremendous distributional rifts and a systemic policy of working class differentiation, working classes in the Arab world, tend, in times of labour-ideological retreat, to exhibit confessional, ethnic and tribal fault lines. These lingering forms of social bonding were purposefully reinforced by the rise of a rent-seeking comprador bourgeoisie and the constraints imposed on post-independence state institutions from the imperialist centre. The sole purpose of these policies is to divide working people and to strengthen the hold of pro-imperialist regimes. There rose as a result of this, a higher degree of disjuncting between the social and economic condition, which is common to what people experience under a market economy. Working people are forced by state policy to identify and belong socially to some repressive social hierarchical institution like a tribe or sect, whilst their incomes and livelihood are being decided on the commodities future market of the twenty-first century.

¹⁴ This data was gathered whilst on field missions in the UN.

¹⁵ See: "Inter-Arab Investment Guarantee Cooperation, Investment Climate in Arab Countries 2008 and 2009".

In the Arab world moreover, the level of despondency resulting from the rising insecurity of life under the market system, drove people to idolise the distant past in a way that that did not correspond to the actuality of history. Arab/Islamic history was fantasised in a manner that generated escapism or fanaticism. And in both situations, the goals of working people were not served. Their expropriation proceeded steadily and their welfare concerns were not addressed. That is why the revolutionary process should resituate sovereignty in the purview of the people and in the acknowledgment of their inalienable human rights and their rights of citizenry. Power, under the right to development proclamation, belongs to the people, not to oppressive institutions that strip people of their rights. Little will happen in the way of putting a common denominator across national or neighbouring social classes unless the mechanisms and the payoffs, including the questionable role of NGOs that are sponsored by the World Bank, which have gone to breed divisiveness among working people, are halted.

The alienation of the population, especially its prohibition from partaking in political life, had weakened the security of Arab working people and excluded long-term stability, which is needed to redress frail investment in increasing returns activity, the social and physical infrastructure, and plant and equipment. Risky small markets represent the context in which a development strategy has to be addressed. Small markets lead to little capital accumulation and vice versa.¹⁶ Security exposed social formations circularly hinder the formation of development friendly capital. That is why regionalism and Arab integration, which provide the larger market and the security depth, are key operational solutions to the paradox of small markets and risk.

The Arab world is a record holder in certain economic variables. It exhibits the lowest rate of investment, the highest rate of unemployment and the widest spread in income distribution. Political regime and elite insecurity shifted the accent away from development to regime stabilization efforts and squandered resources. So long as the working classes were insecure in their living conditions, so was the totality of the national arrangement *qua* state. The growing gap between peoples and their ruling regime shifted the balance of forces gravely in favour of external powers who were willing to reap the benefits of imperial control over a strategic region. There is in fact, no Arab leader who could retire in his own country unless protected by military tanks. Institutions remoulded with security concerns in mind and developing under the onus of sluggish and highly erratic oil determined economic growth distort income distribution and wealth, in favour of political strongholds, hence, the euphemism 'the privately owned public sector in the Arab world.' A weak post independence starting point and successive defeats of Arab socialist regimes in wars against Israel and the United States, especially the occupation of Iraq, exposed the security of the labouring classes across the region, weakened publicly accountable institutions and sapped resources to the point where the goal of development fulfilling basic needs under human rights became untenable.

¹⁶ In reference to the Nurkse paradox, see Nurkse, Ragnar (1952) 'Growth in Underdeveloped Countries: Some International Aspects of the Problem of Economic Development,' *American Economic Review*, Vol.42, No.2: 571-583.

Policy issues for the future

The revolutionary vanguard in the Arab world has a commitment to the Arab working people to part with the politically biased economic policies of the IMF and World Bank that have wrought havoc. For more than two decades, the mode of analysis in the Arab world was 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. Given these conditions, presumably, economies will naturally grow. But, this begs the question – is the ‘given’ market there to be freed, or is it there at all to begin with? One need not discuss all the institutional underpinnings of the market ‘ideal,’ but consider, for instance, some aspects in one of the markets in the Arab world, the labour market, a place where productive labour services are exchanged for money value. Here are some snippets of an Arab labour market: labour share forms 20 to 25 per cent total income (it is around 70 per cent in advanced economies), productivity is always near zero by standard ILO projections, and, if a more comprehensive form of assessing unemployment is carried out, more than half of the labour force could be considered unemployed; more importantly, most of those remaining employed will be clients of the rentier state (i.e., not workers who exchange labour service for a money wage but persons who are paid money for their allegiance to the regime). To construct an imaginary market as a lifebuoy of development represents a form of deceit based on misrepresentation of fact. Not only is the labour market so unusually different from the typical market, but in every nook and cranny of analysis provided about the Arab world, a salvo of lies is fired, and mystification of facts represents the mainstay of imperial strategy towards the Arab people. It is part and parcel of an imperial ideological offensive, which is always aimed at the dispossession of the Arab people.

There is at an essential level of irreconcilability of interest between imperialism and its regional allies, on the one hand, in the interest of the Arab working people, on the other. Here reigns a process of accumulation, long ago described by Rosa Luxemburg, to proceed by expropriation and dislocation of the Arab people. It is distinct from accumulation by commodity realisation or market expansion by peaceful means.¹⁷ Thus, before resorting to technical economic jargon on the matter, there need be an exposition of the ways in which different social classes and their representative institutions, regional and extra-regional relate to each other and are situated vis-à-vis the allocation of national or regional resources. In a context of continuing dependency, deepening social rifts hollow out the role of the state as the realisation of common will and accentuate the already welfare-negative impact of the international division of labour. When sovereignty as the embodiment of social and political rights weakens, sovereignty over national resources also weakens. The national ownership of domestic resources, which is a concept that is enshrined in the covenant on economic and social rights, squarely means that Arab working people own their resources and that the institutional context is one to facilitate the process of turning financially earned resources into real wealth.¹⁸ The present arrangement, by which the United States supports regimes that deprive their own working people of their rights, represents a blatant violation of human rights.

¹⁷ See lecture by Soula Avramidis at the Historical materialism conference, London, 2006. <http://mercury.soas.ac.uk/hm/pdf/2006confpapers/papers/Avramidis.pdf>

¹⁸ Under Article 1, it says: ‘all peoples may, for their own ends, freely dispose of their natural wealth and resources without prejudice to any obligations arising out of international economic co-operation, based upon the principle of mutual benefit, and international law. In no case may a people be deprived of its own means of subsistence.’ <http://www2.ohchr.org/english/law/ceschr.htm>

Extreme notions of orientalism go as far as dubbing the issue of Arab underdevelopment as a culturally caused fiasco. The issue of 'good governance' emerges as a *deus ex machina* or as an antidote to corruption, which is instead of characterising wasteful utilisation of resources, gets insinuated as a cultural stigma relating to an Arab persona. Good governance is flaunted as an operational remedy for underdevelopment, when the very idea of working people rights being mediated by the Arab state will involve a social revolution that will deconstruct ancien-regime structured institutions. There are two virulent critiques to this dictum. The first is from an article which describes three US approaches to understanding and dealing with China and other Third World countries under the umbrella of 'containment', 'nation building', and 'totalitarianism.' The following is James Peck's description of the 'nation building' approach.

The reverse side of the containment policy was the 'total penetration' approach to foreign affairs, 'diplomacy in depth.' Assist the elites of underdeveloped countries to 'modernize' their societies, demand 'reforms' that undercut the appeal of revolutionaries, and link such nations with the 'international community.' Then revolutionary solutions and 'communists' will lose their appeal. It was, in essence, the Freud plus Santa Claus concept of foreign relations. Persuade countries that underdevelopment was *sui generis* to the society instead of part of a world system which sustains it or an immediate American presence which reinforces it. And then portray a benevolent, gift-giving U.S. bestowing technical assistance for the benefit of others.¹⁹

James Sellers followed up on the Freud plus Santa concept with these remarks:

Far from being the World's lifeboat, America and the West lacking any new self-understanding, will turn out to be the world's Titanic, dragging down with us the remainder of global society.

As to how it will be possible for the developing world to accept any of the Western values when it is being jointly repressed by it in cahoots with their 'modernising' dictators, Sellers attaches the condition

that America and the Western world must reinvent themselves as partners and not enemies of humanity and, only then can such healthy American cornerstones of democratic experience, know-how, and voluntary association come to be accepted by the rest of humanity as gifts no longer suspect.²⁰

The second commentary comes from Professor Erik Reinert. In respect to the issue of cultural derogation, he aptly says:

[t]oday's standard economists grope for explanations of continued poverty outside their own profession. They return to factors that have been studied and discarded before by the economics profession, like race and climate, and refuse to see that all historical experience tells us that the economic structure of wealthy countries all have certain characteristics that poor nations lack (increasing returns, innovations,

¹⁹ This is from an article 'An Exchange' by James Peck which appeared in vol. 2 (1970) issue 3 of the *Bulletin of Concerned Asian Scholars*, (pp.60-61).

²⁰ James Sellers 'Famine and interdependence', in *Lifeboat Ethics*, George Lucas ed., Harper Forum Books, 1976.

diversity, synergies). The collapse of the first wave of globalisation led economists into eugenics or racial hygiene. Africans were not seen as poor because of the colonial economic structure that had been imposed on the continent; Africans were poor because they were black. During a more enlightened era 400 years ago, Francis Bacon discarded race as a factor explaining wealth and poverty. Today the marginally more politically correct version of this type of theory is that Africa is poor because blacks are corrupt.²¹

For long, the good governance discourse, Western tied NGOs and aid represented a Trojan horse aimed at concealing Arab regime atrocities and prolonging repression. It represented additional support to the neoliberal ideological optic that projected market freedom as personal freedom. International market and resource liberalisation regimes imposed by the Washington institutions, including free capital movement, despite their clear anti-developmental outcomes, were not impinged upon. Good governance was about changing few dispensable governors who were implicated in kickbacks as a token that would exonerate despotic Arab regimes who had converted their societies into huge prisons of conscience. To boot, a progress sheet was displayed. But what went purposefully unobserved was the stark condition that the rights and sovereignty of Arab working people were not mediated by their states. No one had bothered to ask how 'good governance' is mainly an issue that applies to small developing states when the UN Security Council and the Breton Woods institutions lacked universally representative governance and, therefore, were badly governed.

Turning things around, or locking in resources for the purpose of development in an otherwise financial capital rich developing Arab world requires an intertwining of the social with the political order, or a rise of working people to position of power. Despite the fervour of the present revolutionary process, to date, the political revolution is not yet translated into a social revolution. A realignment of social and political interests did not occur so far. The present revolutionary process should bring these together. A way forward to analyse the question would best begin by looking into the structure of regional social formations and the lopsided mode of integration imposed upon the Arab world by the utter military presence and superiority the US and its Arab and regional allies. Working people have to grope not with their own regime security apparatus but also with the presence of the biggest US military bases and occupational forces who are tied with a multitude of security treaties to the repressive Arab regimes. The problematic at stake is not how to topple one dictator, but to eminently explore how it will be possible to connect different Arab social classes in a joint program of political struggle for their rights and for right to development.

Requisites for the future

For the Arab world to meet the right to development over the next decade, it will require, at least in part, the creation of 85 million decent jobs via a socially designed labour absorption plan in which the state has to firstly redistribute unequal assets and secondly, act

²¹ See "Development and Social Goals: Balancing Aid and Development to Prevent 'Welfare Colonialism'". Correspondence with Prof. Erik S. Reinert, The Other Canon Foundation, Norway & Tallinn University of Technology, Estonia, July 1, 2005.

as an employer of last resort.²² However, this will entail more than simple change in the growth optimization strategy of Arab states or minor adjustments to fiscal and monetary policies. It will involve a shift in the Arab class structure and institutional parameters that contribute to heightened regional insecurity, block greater efficiency in investment, and inhibit closer regional integration and coordination. The inevitable predisposition of major macroeconomic and demographic variables towards collision implied that there was little space for argument over the unavailability of violent convulsions.

The built up of discrepancies in an Arab economy that does not expand at a rate commensurate with the demands of working people means that change will not be gauged as a matter of degree. With strategic control of oil interests unshaken, the US will further seek the imposition of an Arab type democracy that would continue to serve its interests. Democracy, however, is not the protocol or etiquette of voting boxes that was witnessed in Iraq; it is the reincarnation of the vested interests of working people. Democracy is that which addresses the concerns and needs of working people. The fundamental premise of the right to development is that the freedom to participate in political life and organise represent a logical and practicable predicate to development. The absence of an unbiased flow of information, lack of provision of basic needs making social classes vulnerable to manipulation en masse, poor institution of legal rights and, mostly, the perceived precariousness of the state as a viable institution undermine the essence of a democratic process. External imperial threats duly considered, the way in which Arab social structures are organised today leaves little room for input into the political and development decision making process from the broader working class base.

Meeting the concerns of development as a human right requires a process of capital accumulation guaranteeing an integrated basket of rights including, the right to work. In the light of the inequitable and rent based growth performance of the Arab world and the eroding effects of neoliberal adjustment on welfare, absolute poverty levels rose across the spectrum. In the immediate term, stabilizing or enhancing income distribution, including land reform, are needed. When savings outstrip investment in Arab oil or geopolitical rent driven economies, there need not be concern for the widow's curse or the notion that the rich save and the poor do not. Savings have flown abroad anyways. Current account surpluses are invariably linked capital exports from the region.²³

The fact that so little has been done to redress inequitable national and regional income distribution is related to the structure of rent based institutions that intensify social and cultural differences for the purpose of maintaining the acquisition of rents. Despite being capable of affording equity from present funds and various social security valves, the hold of the ruling elite on oil rents and the bias for merchant or commercial as opposed to the increasing return industrial capital will not allow any of the Arab countries the stability needed to maintain sustainable social programs in the long run. Development therefore will require measures of autarky, including capital account controls, selective trade protection for national

²² Hyman Minsky has proposed that governments should be given the responsibility of acting as employers of last resort (ELR). In this case, the government would determine a wage rate at which anyone willing to work would get a state-sponsored job. Minsky, H. *Stabilizing an Unstable Economy*. New Haven: Yale University Press, 1986.

²³ Kalecki, M. *Essays on Developing Economies*. Brighton: Harvester Press, 1972.

industry and the deployment of real national resources in an industrially based project of development.

The right to development should be realized through a programme of coordinated regional action. Development plans are to be implemented through an 'Arab regional development compact' assisted the international community, which is also responsible for the disaster of Arab underdevelopment. The US controls most of the Arab oil wells and the regimes around them. Fearing disruption to oil supplies, much of the rest of the world, whose accumulation process is oil dependent, was silent about the repression and the slaughter to which the Arab people were subjected by their ruling regimes and their imperialist allies. These practices run counter to the international bill of rights. Regional and international cooperation is a foremost requisite for a *volte face*. Under the regional development compact, Arab countries would undertake to fulfil their national human rights obligations, while the international community would provide the necessary safeguards in assisting an agenda of rights-based development and regional cooperation. The immediate points to consider are:

- Joint Arab regional investment facilitated by intraregional trade and access to markets.
- Arab intraregional transfer of resources and technology.
- Protection and guarantees of regional labour and capital, e.g. preferential legislation facilitating the flows of inter-regional labour and capital.
- Restructuring of the regional financial system to give each less-capital endowed country a greater share in power and decision-making and to increase the flow of private capital to their economies.

There are two countries in the world that remain under outright foreign occupation and these are Arab countries: the Palestinian occupied territory and Iraq. Right based development under occupation is, as a matter of course, impossible. Occupation, is first and foremost a categorical revocation of the International Bill of Human Rights. Requisitioning national security and personal safety for the population are more policy imperatives than policy options for countries under direct foreign occupation. However, the longer-term strategy for development and command over national resources, as per the purview of the international covenant on economic, social and cultural rights (entry into force 1976), should remain in the competence of the peoples residing under occupation, whose right to self-determination still holds.

Parting comments

For the Arab world, as a whole, already slightly more than fifty percent of the population subsists at below two dollars a day.²⁴ And if we were to look for the causes of this

²⁴ For the Arab Region the 2\$ benchmark does not represent a valid indicator of absolute poverty. With the exception of Syria and Morocco, the rest of Arab countries are Net Food Dependent Importing Countries (NFDIC) and, therefore, the subsistence bundle is priced at already high world prices while the income of the marginalized strata is determined at low domestic wage levels. After three decades of nearly five percent real GDP growth, thirty percent of Egyptian children suffer from malnutrition (UNDP); and it is one of the few countries in the world where rising food prices resulted in immediate casualties. Fifteen deaths on the bread queues were reported in 2008. There was general shortage, panic and confusion. There was not enough subsidized bread to sufficiently meet demand. Food prices are high again once more. <http://mrzine.monthlyreview.org/2009/irin081109.html>
http://www.nytimes.com/2008/01/16/world/africa/16iht-bread.4.9271958.html?_r=1

poor development, we will be hard pressed to find another more relevant reason than an imperialist-driven historical process that shaped Arab institutions under the onus of joint imperial/Arab regime control stripping working people from the right to own and deploy their resources for their benefit. The result up until now is the highly inequitable growth, rising poverty levels and a fragmented market that is in dire need of retaining resources.

In the Arab world, the right to development is synonymous with the right to working class security, which is fundamentally security from want. Achieving this right could only come as a result of international collaboration and a rethinking of US led imperialist position vis-à-vis the Arab people. There is a pressing demand to empower the present revolutionary process and to turn political gains into social gains. The degree to which present day forms of US led global accumulation, which are highly dependent on oil, global economic imbalances and, in particular, the dollar as an overstretched global currency, have shut out critique from governments around the world against the maltreatment to which Arab people are being subjected. There are so many countries that have even provided military support for the unlawful invasion and occupation of Iraq for instance. Human rights violations in the Arab world, including the subversion of the right to development, were shyly mentioned, if at all. Many countries are dependent on the US and its imperial stature and, hence, they aid and abet the prolongation of the occupation of Iraq and the present interventions to circumvent the rise of Arab people. The process represented a sort of inter-imperialist entente. The US controlled the crucial oil areas and waterways, whilst the global economy, individually or altogether, failed to break rank and rode on the back of US consumption.

But these are short sighted considerations. The concern that if the US imperial stature is to be downgraded in rank as a result of dwindling oil control, world dollar-denominated wealth and economies will suffer a heavy adjustment cost, is superficial. The present environmental and human losses from the model of accumulation by dispossession already exceed the transition costs out of a unipolar world system standing in part on the tripod of weaponry, oil and an overstretched dollar currency. There needs to be a smoothing of the transition from the present day US accumulation order. There exists an alternative to the accumulation which dispossesses and dislocates masses of people. Social democratic systems have proven to be better performing in economic dynamism and in the provision of welfare.²⁵ The people of the Arab world are readily and duly entitled to peace, security and the speedy implementation of international resolutions relating jointly to their rights of economic development and self-determination.

SUGGESTED CITATION: Ali Kadri, "An outline for the right to economic development in the Arab World", *real-world economics review*, issue no. 56, 11 March 2011, pp. 2-14, <http://www.paecon.net/PAEReview/issue56/Kadri56.pdf>

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²⁵ Economic Survey of Europe, 2005 No. 1, Towards a new European model of a reformed welfare state: an alternative to the United States model. <http://www.unece.org/ead/pub/051/051c7.pdf>