

The Uprising in the Arab World What Happened, What's Next?

Event: **Regional Workshop**

Date/Place: May 6th 2011,

West Hall, American University Of Beirut

Beirut, Lebanon

Concept: Dr. Marcus Marktanner, Dr. Martin Beck

Organization: American University of Beirut/ Institute of Financial Economics, KAS Amman

1. Program Overview

Saturday, May 6, 2011

Opening Session: Welcome Words	
Dr. Marcus Marktanner	Institute of Financial Economics American University of Beirut Beirut, Lebanon
Dr. Martin Beck	Resident Representative Konrad- Adenauer-Stiftung Amman Office Amman - Jordan
Introductory Remarks: On the Persistence of Arab Authoritarianism and Prospects for Democratization	
Dr. Samir Makdisi	Institute of Financial Economics American University of Beirut Beirut - Lebanon
Panel 1: Perspectives on the Causes of the Uprisings	
Economic Causes	Dr. Marcus Marktanner Associate Professor Department of Economics American University of Beirut Beirut – Lebanon
Social Causes	Dr. Sari Hanafi Associate Professor of Sociology American University of Beirut Beirut – Lebanon
Panel II: What's Next? - The March towards Economic and Democratic Consolidation?	
Economic Reforms: What Direction?	Dr. Ghassan Dibeh Professor of Economics Chairman, Department of Economics Lebanese American University Beirut – Lebanon



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Political Reforms: What Direction?	Dr. Ibrahim Saif Secretary General Economic and Social Council Amman - Jordan
Panel III: Country Presentations	
Jordan	Dr. Mohammad Al Momani Associate Professor of Political Science Yarmouk University Irbid – Jordan
North Africa	Dr. Lahcen Achy Professor of Economics Resident scholar at the Carnegie Middle East Center Beirut – Lebanon
Wrap-up	
Dr. Darius Martin	Professor Department of Economics American University of Beirut Beirut – Lebanon

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2. Objectives

The current uprising in the Arab world is the most dramatic political mass movement since the 1989 fall of the Berlin Wall. While the recent revolutions in Egypt and Tunisia along with other ongoing uprisings are opening the door for region-wide political and economic reforms, uncertainties as to their outcome and design still persist. A number of questions are worth addressing: Will the political change in Egypt and Tunisia be consolidated? What role will fundamentalist movements play? Will market reforms succeed? How will the current political changes interact with the unsettled Arab-Israeli conflict? How will external players influence the unfolding events? What are the differences and parallels, if any, between the changes in Central and Eastern Europe and the Arab region?

During this one-day workshops academics from various fields discussed the causes and further challenges of the Arab Spring.

3. Details

Dr. Marcus Marktanner welcomed speakers and participants before emphasizing the importance of looking at political, social as well as economic factors to understand the causes of the recent uprisings in the Arab World. Further he remarked that it is important to identify the common challenges the Arab countries are facing and to ask whether despite their diversity, preexisting in the different countries, the Arab governments will be able to tackle these challenges and lead towards an Arab World marked by more freedom and justice.

Dr. Martin Beck started off by thanking all the speakers and participants. He expressed his delight that leading academics were ready to prepare an analysis about what he called the Arab Renaissance. Further he remarked that the major difficulty lay in grasping the consequences of what is

happening at present, as scholars were indeed surprised by the wave of demonstrations, although they were aware of the fact that an uprising was eventually going to occur.

Introductory Remarks: On the Persistence of Arab Authoritarianism and Prospects for Democratization

Dr. Samir Makdisi first raised the question of whether the Egyptian and Tunisian revolutions will lead to the formation of consolidated democracies or whether the states will just remain autocracies with some cosmetic reforms. His speech structured around the questions: Will we be able to talk about a pre-2010 Arab World and a post-2011 Arab world? What are the factors that favor the process from autocracy to democracy? The past decades were marked by liberalization on the background of autocratic rule. During the liberalization process, collusion arose between the elite in power and big business. This led to increasing corruption. This occurred in particular in countries like Lebanon. Another question **Dr Samir Makdisi** raised was why the Arab World did not move out of autocracy before 2010. According to Lipset's modernization theory (1959), more development leads to more democracy and freedom, but although there is a correlation between per capita income and democracy, no causal relationship exists. The two factors are merely codetermined. In the Arab World, growth, socio-economic development and reduced levels of poverty could be observed, but there was never any significant move towards democratization. Cross country work and various case studies have put forward a few explanatory factors as to why democratization has not taken place. **Dr Samir Makdisi** highlighted two overarching factors: the oil wealth factor, mainly known as the rentier state effect, and the conflict factor, concerning in particular the Arab-Israeli conflict.

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He stated that oil wealth on its own does not explain the persistence of autocracy and it is the socio-political and historical context that determines why there is autocracy. Indeed, regimes, such as Kuwait and Bahrain did not experience the same political standstill as Saudi Arabia. Thus Kuwait has already had a tradition of social participation before oil was discovered in the region. In the Arab world there are plenty of conflicts: apart from the ongoing Arab-Israeli conflict there were civil wars in Lebanon and Algeria, as well as a military intervention in Iraq. The influence of the Arab-Israeli conflict varies with distance: countries of the Levantine are much more affected than countries like Tunisia or Yemen. The way the conflict factor works is that it is a pretext for repressive policies as well as a factor absorbing financial resources in the form of military and security expenditure. Another argument against democratization is the fear of Islamic fundamentalism. Moreover, intellectuals have been co-opted so that they have become the defenders of the regime instead of being its critics. However, the question of the timing of the uprising remains unanswered.

In the last five years the level of unemployment has risen, because the growth of the private sector was smaller than the decline of the public sector. This resulted in a high level of unemployment, which with 25% was among the highest in the world. The Arab private sectors are not able to absorb the growing labor force and economic policies were rent-seeking orientated instead of targeting the diversification of various economic sectors. This affected in particular the middle class who finally pressed for economic and political reforms, especially in the cases of Egypt and Tunisia. The Muslim Brotherhood and others, who were mainly asking for more jobs and higher standards of living, also started to join in on the demands of the middle class.

Greater technological openness has been an important aspect in these uprisings. The internet with all its possibilities has been able to weaken the intent of the regime to

fragment the opposition. As the government could hardly control all the online activities, protesters were able to use it to organize themselves.

What these revolutions and uprisings have shown is that there is a universal thirst for freedom and justice: People do not ask for abstract concepts, but have real economic and political demands.

Panel 1: Perspectives on the Causes of the Uprisings

Dr. Marcus Marktanner looked at the economic causes of the Arab Spring. He remarked that it would be wrong to only look at the last five to ten years, because the current economic problems faced by the Arab countries are far more deep-rooted. Since the independence of the states, there has been a mal-functioning form of socialism, as Arab socialism only worked, because consumption was subsidized by oil-income. Further in the Arab world no real economic reforms took place. Thus there was only a shift from a non-functioning form of socialism to a non-functioning form of liberalism, because a real reform movement never took place. Hence the transition cannot be explained by any deterministic theory, but is indeed a historical accident determined by a specific geo-political context. In the 1990s, economic reforms were introduced without any political reforms, and, above all, they remained mere "cash cow" reforms. Liberalization increased the variety of consumption goods, but did not create jobs or lead to sustainable investment. While social inequality has been an issue in the Arab world since independence, the recent food crisis, starting in the 1990s had an immense impact on the socio-economic situation of the Arab countries and engraved this inequality.

Dr. Marcus Marktanner then proceeded to compare the Arab World's uprising to the 1989 wave of revolutions in Central and Eastern Europe: Socialism in the Arab World

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had not been imposed by the Soviets; it had just developed after imperial rule. After the 1980s, political regimes were as malfunctioning in the Arab World as in Central and Eastern Europe. However, consumption in the Arab states was subsidized by fuel export while the states of Central and Eastern Europe disposed of productive food industries. At the end of the 1980s, economic reforms were introduced along with political reforms in Eastern Europe. Within the Arab countries, however, political reforms were missing. One reason for this was probably the missing international pressure. While entering the European Market and later the European Union was an incentive for reforms for the governments of the Central and Eastern European countries, no similar incentive appeared for the Arab governments. Therefore, in the Arab World, economic reforms did not go hand in hand with political reforms, but with power conservation which then led to increasing corruption. When the food crisis occurred, there was no safety net in place and regimes could not handle the situation. Especially those Arab countries that have always been highly dependent on food, imports were not able to find solutions to ensure their food security. Thus their food import bill increased by 300% in the 1990s. This increased the inequalities among the population, because the lower the income, the higher the expenditure on food. However statistics show that it affected the middle class more than anyone else and they were the first to demonstrate on the streets.

All in all, the terrible economic situation is the result of 50 to 60 years of mismanagement, as well as missing political reforms.

Dr. Sari Hanafi then looked at the social causes of the Arab Spring. He argued that the Arab revolutions represent emerging social movements that combine the classical form based on social class with a new form in which the struggle for civil rights prevails. In addition to working class identity, the individuals construct themselves in the space between social integration and

disintegration, what Alain Touraine calls commitment and non-commitment, armed with the power of reflexivity. **Dr. Sari Hanafi** looked at how the social and democratic demands had been articulated. The recurrent motive seemed to be 'Justice, Dignity and Freedom'. Going beyond simple demonstrations, the youth, marked by poverty, unemployment and lack of freedom, had used the final mean to their disposal to protest against the regime: their own body. **Dr. Sari Hanafi** then looked at the role of social media and asked whether it had been exaggerated by revolution analysts. The basic function of social media was of course communication and through social networks the youth was able to mobilize a large amount of people, especially with a certain code that was beyond the control of security forces. Indeed in Syria, Facebook had been banned until recently so that young people had been using proxies to access the website. The state figured that if they allowed the social network, they would be able to track the organizers of the unrest, but young people just kept using proxies in order not to be discovered. However, social media also served another function: they were a way for the youth to encourage themselves against the world of fear. This has also been one of the factors that define these uprisings as a new form of social unrest in the Arab World. The religious aspect, which has previously been a major factor in demonstrations, has been abandoned and its original function of protection has been replaced by a feeling of community created by the online connectedness of all demonstrators. The other new aspect in the demonstrations was the absence of the Palestine question. The demands were about political and social rights of the people. In a way, political and civil rights have superseded ideological issues. **Dr. Sari Hanafi** concluded by saying that the Mosque and the Friday prayer had however played an important role, because it contributed to the people's courage to go on the street.

The participants then discussed the various causes of the uprisings, raising again the

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question of the Arab-Israeli conflict which has been used as an excuse for the regimes to maintain their power and postpone democratic reforms. Further it has reinforced sectarianism in various countries, particularly Lebanon. Another important question in relation to the uprisings is the question of geography. Protests started where the state apparatus was the weakest, outside the capital, and also where the economic situation was the most difficult. **Dr. Samir Makdisi** concluded by saying that these protests have been able to point at the flaws and the mal-functioning routine of institutions, which had been impeaching reform implementation for too long.

Panel II: What's Next? - The March towards Economic and Democratic Consolidation?

Dr. Ghassan Dibeh started off by looking at the economic challenges presented by the new situation in the Arab World. He compared the spreading of the revolutions and uprisings to the wave of independences in the 1950s Arab World, to the 1848 European revolutionary wave as well as to the 1989 movements in Eastern Europe.

The challenges are as diverse as the countries where the demonstrations took place: they happened in resource rich and resource poor as well as in labor rich and labor poor countries. Historically speaking, there has been a stagnation of the GDP and of technological progress in the Arab World so that the region stayed outside the club of success stories and modernization. It is characterized by high youth unemployment and unequal distribution of wealth. The end of the old social contract has led to hybrid system that lay between market reforms and the old social contract.

The MENA region is, with Sub-Saharan Africa, the only region where genuine investment is negative, because investment has no positive impact on people, their wellbeing and welfare. **Dr. Ghassan Dibeh** asked how the Arab people's aspirations can

be satisfied: freedom, social justice, redistribution and equity. The question is whether the agenda should be an egalitarian market agenda. The situation is different from the one in Eastern Europe in the 1990s: In the Arab World, there is a structural crisis and a food crisis but the economies are not collapsing, the crisis is neither as drastic nor as apparent. However, extreme reforms are needed. Since 2002, there has been economic growth but the state has also been supporting investment to help the economy. The macroeconomic objectives in line with development objectives (Sachs) present four crucial and interconnected challenges: climate, energy security, poverty, and food security. **Dr. Ghassan Dibeh** asked why, in the light of emerging economies like Brazil, the Arab World has not moved forward. According to him, the regimes have to address both inequalities, horizontal and vertical. Following successful poverty elevation programs in Bolivia and Brazil, it should be possible to enforce redistribution in the Arab World. Economically speaking the Arab World needs free market reforms and growth.

Dr. Ibrahim Saif looked at the political challenges in the Arab World. He asked whether the existing regimes can reform themselves from within. According to him, the concept of political reform can become very ambiguous and could play against those who are leading in the streets. Each country is very different and a lot of regimes are trying to buy time. Oil importing countries, such as Jordan, or Morocco, face budget constraints. In Gulf countries it is a long way to install democracy as institutions are very weak and fragmented and the states rather function according the rentier-mentality instead of demand oriented. Thus, institutions have been weakened over time and building up institutional capacities will be a long process.

In Jordan the creation of a National Dialogue Committee has been an immense step towards consistent reform, as it shows the regime's will to revise the constitution. The process of political change is a very difficult

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one, because it also means getting rid of old elites in order to leave room for new classes to participate in politics.

Special importance is given to the middle class as it played a major role in transformation processes in Central and Eastern Europe. The middle class in the Arab World emerged from high growing sectors such as banking, finance and telecommunications, so that it became an exclusive club. Traditionally it consisted of public sector employees, but the states' instability lead to their inability to raise their employees' salaries and welfare, so that state employees now belong to a low income class.

Thus the major challenges for the Arab countries are the fight against corruption, the improvement of institutional capacities and the increase of real economic growth.

The participants then discussed whether national pride is a factor that influences regime transformation or whether mainly political and social demands are the driving forces for change. Moreover, **Dr. Martin Beck** argued that the comparison with the Latin American cases could be much more fruitful than the repeated parallel established with Eastern Europe. A participant raised the question of whether the Arab World was travelling back in time to the situation of the 1950s but **Dr. Ibrahim Saif** declared that the new middle class will not go back to business as usual and will demand real political, social and economic changes.

Panel III: Country Presentations

Dr. Mohammad Al Momani presented his analysis on the current uprising and its causes in the Hashemite Kingdom of Jordan. The country is of course very different from North Africa, Syria, Yemen or Bahrain, because it has neither experienced the same extend of protests nor has it been marked

by the same amount of violence. But what makes Jordan so different? Protests in Jordan have started long before the Arab Spring. Two years ago demonstrations took place in rural areas that suffer from high unemployment and poverty. In response to this, reforms were implemented. However, when unrests in Tunisia and Egypt started, Jordanians were emboldened and also stated their demands.

Amongst the protesters, three groups could be identified. Firstly, the spontaneous economically driven teachers, students, workers, were asking for an increase in their living standard. Secondly, there were the more organized opposition groups, consisting of various Leftist and Islamist groups, who were asking for political reform. The third group included the newly coming politically driven, also called 'Facebook youngsters', who were less organized.

Following the protest, the Jordanian government tried to implement some reforms to contain these demonstrations. The change of government did effectively ease the tension, because the people felt that they were being listened to.

The creation of several committees that are working on constitutional reform has been a good impetus in terms of public opinion. However, it is known that every time an issue comes up, a committee on that particular issue is formed but the results are often insignificant and frustrating.

Jordan is characterized by big socio-economic inequalities and a very young population. 65% of the population is in fact under the age of 30 and this part of the population is highly unemployed, poor and aware of the inequalities that persist within society.

Other problems identified by the Jordanian youth are the intervention of security bodies in political life as well as the ongoing problem of corruption.

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In Jordan, social media has not reached the importance as it has in Egypt; it is not being used to the same extent.

The governmental instability has also brought by many problems: governments only implement short term measures or merely declare their intentions on implementing reform. Also, they use Islamists as scapegoats for any protest and/or violence coming from the opposition and thus as an excuse for repression.

Jordan's future is impossible to predict, but it is very likely that some improvements will be made. The country will not become a full democracy yet, but it will move forward on the scale of these hybrid states.

Dr Mohammed Al Momani identified three main variables: Firstly, leadership and the personal profile of the head of state are key to knowing where the country is heading to. Secondly, the stability of institutions is very important, especially in the case of the military and whether it decides to join the side of the population, like in Egypt or Tunisia. Finally another variable is the degree of ethnic homogeneity or heterogeneity and to what extent society will remain divided.

Dr. Lahcen Achy then introduced his case studies: Morocco and Algeria. Although the two countries are very different, one thing unites them: in both countries, protests remained relatively modest.

After the uprising in Tunisia, Algeria suffered a wave of protests and there were several self-immolation cases. In the past, Algeria had the highest level of youth unemployment, but since then, microcredits have been granted to young people and this has helped economic growth and development. However, unemployment remains high.

Thus, the lack of protests can be explained by a few factors. A respectively higher level of wealth amongst the population is of course a deciding factor. Also the public does not share a common grievance:

opposition parties remain much divided on their demands. Thus, the number of people at the protests was limited and often outnumbered by the police. The security apparatus is still very strong and in response to the protests, the number of police was tripled and they received an increase of their wages. Also the military is much more integrated in the country's political sphere. All past and current presidents have been supported by the military. In addition, the current president is very old and ill, so that he is not the person who is really in charge. Thus, the demonstrators did not ask for him to go, as that would be irrelevant for a regime change. Finally the specter of the civil war is still very vivid in the memory of the Algerian people.

These factors explain to some extent why protests were not as extensive and as intensive as in other countries. The population was more inclined to a middle ground solution, because the state also has the financial capabilities to improve wages and present economic relief.

Regarding Morocco, it resembles Algeria in terms of the economy. However, like the latter, the country has a less advanced education than Tunisia, where the number of highly educated people is three times higher than in Morocco, where inequalities are striking. Although the socio-economic situation has improved over the last decade, inequalities have not been resolved. When the protests started on February, 20th 2009, the King immediately responded by demanding constitutional reforms: they should shift the executive power from the King to the Prime Minister, whose only task at present is the coordination of responsibilities between ministries. Also they should shift power from the King to the electorate, in particular concerning the appointment of the Prime Minister, who will now be appointed through direct election results. They should expand the scope of the legislative domain and thus provide the parliament with new powers. Finally they should shift power from the centre to the regions: active decentralization will take

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place and a regional council will be directly elected, as councilors are currently appointed by the Ministry of Interior. The persisting problem is, however, the gap between regions and the lack of redistribution.

The street has not stopped protesting, there are still monthly Sunday demonstrations, but they remain small and violence is rare.

To conclude, the outcome of this process will depend on the pressure of the street and of political parties. There has not been any progress, but the King has recognized mistakes made by the state and by his father's regime. However, until now, the reform process had stopped for two reasons: the Islamist threat in light of the 2003 attacks and the political immobility in the region.

Following the talks, participants and speakers discussed various aspects of the mentioned case studies. Concerning Morocco, **Dr. Lahcen Achy** raised the issue of asset inequality: indeed 75% of the land is owned by 5% of the farmers so that the tax exemption reform for the agricultural sector is to the benefit of rich farmers only, because poor farmers were already exempt, as they did not reach the income threshold. The problem is to identify genuine reforms.

As for Jordan, the Palestinian factor has been raised and, according to **Dr. Mohammed Al Momani**, it might hinder political reform in the Hashemite Kingdom. The protests have brought up the discordances on that matter and the regime might use it to manipulate public opinion. He added that regimes will not give up power unless they are being pressured. However, it is clear that Arab regimes have become less politically arrogant. He added that the West is merely supporting King Abdullah II without giving him any directions. Finally, one should not forget the important role of the tribes and how a lot of the protests started through their support.

Wrap-up

Dr. Darius Martin thanked the speakers for their valuable insights on the current uprising in the Arab World and declared them to be much more informative than the news reports of the past four months. It is clear that what is taking place in the Arab World will have a major historical significance, just like the 1848 and 1989 revolution waves. Despite the many comparisons, the Arab Spring is very different from the 1989 movements, in terms of political, economic and social context. However, a breakdown of the old status quo has occurred: the transition from socialism to liberalism in an autocratic context has harmed the regimes in the sense that they lost the support of the middle class, which has changed completely. Now the old order has broken down, what comes next?

The gradual liberal reform implementation in countries like Jordan and Morocco give reasons for optimism. Also, the political, economic and social transformations have created a new form of national identity. However, the outcomes in Syria and in Yemen remain uncertain and the question arises if there might be sectarian splits in case the regimes fall. Uncertainties also persist in Egypt, especially concerning the possible electoral success of the Muslim Brotherhood.

Dr. Martin Beck ended the workshop by thanking speakers for their input as well as participants for their interest and intellectual thirst.

4. Conclusion

As a coordinated effort, the joint workshop of the Konrad-Adenauer-Stiftung and the Institute of Financial Economics of the American University of Beirut on "The Uprising in the Arab World- What happened, What's Next?" has led to very fruitful discussions and has enabled participants and speakers to view the events from different academic perspectives. The illustration through different case studies

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has also brought new insights and new ideas as to what challenges the Arab countries could be facing in the future.

It remains to be seen whether the uprising in the Arab world will lead to profound political reforms or whether old mechanisms of cooptation and repression will work again. Already, there are signs that governments with sufficient income such as the oil monarchies in the Gulf, e.g. Saudi Arabia, Kuwait and Oman, as well as Algeria, try to co-opt opposition and to alleviate further protests by increasing public expenditures, i.e. raising wages, creating jobs and giving financial aid to parts of the population.

Also political promises were made. Thus the Algerian government has lifted the state of emergency and promised funding for social programs. Other Arab governments have announced reforms, created committees for institutional changes or appointed new governments. However, in most countries, especially the ones coping with low state budgets, protesters do not trust these promises anymore and demonstrations continue.

Thus it can be assumed that there is a need for real reforms. Nonetheless, the economic factors that caused the uprisings, such as high unemployment, rising living costs, increasing food prices and poverty cannot only be solved through a change of power, but request a revised economic agenda. Socio-economic change can only be achieved within a long-term process and political reforms will slide off the agenda, if no consensus about the reform goals is found. While the protests against the old governments had gathered different opposition groups, there is not necessarily a consensus between them on how to structure the new governmental setting. Further clientelism and paternalism have to be overcome and a democratic spirit has to be developed in order to integrate all social groups in the political process.

The joint workshop of KAS Amman and the Institute of Financial Economics of the American University of Beirut received coverage from University News Team who welcomed how the workshop looked "beyond the uprisings in the Arab World". To access the full article:

<http://www.aub.edu.lb/news/Pages/workshop-arab-uprisings.aspx>

Participants expressed their gratitude and praised the level of interest as well as the organization.